

Current History

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Current History

MAY, 1981

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In this issue, seven articles evaluate the political and economic stability of the nations of West Europe, particularly in view of the new and tougher stance toward the Soviet Union adopted by the United States under President Ronald Reagan. As our first article points out, West German Chancellor Helmut Schmidt maintains that "communications must never be broken off between states in a conflict situation. Worldwide crisis management and the resolution of conflicts are crucial ingredients in the contemporary world."

West Germany Moves into the 1980's

BY GERARD BRAUNTHAL

Professor of Political Science, University of Massachusetts, Amherst

WEST European states are moving into the 1980's with an overload of crises that seem at times unmanageable. There is a pervasive fear and anxiety about the immediate years ahead—high unemployment and inflation, continuing international flareups, and a revival of the cold war. Although the Federal Republic of Germany (West) has been spared some of the worst economic problems besetting other states, its citizens also see clouds coming. Their pessimism about the future may not be altogether unjustified.

On the other hand, polls show that two out of three West Germans are content with their present circumstances, and more than four out of five approve their political system. In 1980, they expressed their political views in the federal election that must be held at least every four years. At stake was the continuation of the coalition government led by Chancellor Helmut Schmidt. His Social Democratic party (SPD), allied with the numerically small, liberal-oriented Free Democratic party (FDP), had to meet the challenge of the Christian Democratic Union (CDU) and its Bavarian ally, the Christian Social Union (CSU). The election campaign, mercifully not so long as the campaign in the United States, was devoid of significant differences on issues and became a rousing personality clash. Heading the CDU/CSU slate was the colorful Minister-President of Bavaria, Franz-Josef Strauss, who had difficulty winning the enthusiastic support of his northern brethren in the CDU. Many of them would have preferred a candidate with a less negative public image, but their

views did not prevail in July, 1979, when the party chose its Chancellor nominee.

Strauss, a former Minister of Finance and Defense, is well-known for his nationalist outbursts and demagogic appeals to conservative citizens. But warned by his campaign managers that such a style might be counterproductive, during the 1980 campaign he maintained a moderate posture—except for slashing attacks on the Social Democrats. He called Schmidt a "peacenik," a man "ready for a mental institution," and a "little Napoleon." After the Soviet invasion of Afghanistan, he noted that Schmidt was a "panic Chancellor" and a "war Chancellor," who might drag the country into war. If his party were to take over the government, Strauss noted, that danger would not exist. Conversely, he called the SPD the party of capitulation to the Soviet Union and tried to portray it as friendly to Communists. Strauss and other CDU/CSU leaders emphasized their close ties to the Western alliance and accused Schmidt of intellectual neutralism. The Christian Democratic chiefs also noted that Schmidt had to contend with a schizophrenic, demoralized SPD whose left wing was close to Moscow.

Campaign hyperbole was not restricted to the CDU/CSU. SPD leaders lashed out at Strauss: "His volcanic eloquence lures him into orgies of denigration, beer-hall boisterousness and Manichean prognostications." According to his opponents, Strauss was "incredibly uncontrolled . . . and therefore not qualified to govern this country," a man "without scruples," and an "arsonist" ready to set democracy ablaze.¹

Rhetoric aside, foreign and domestic issues did

¹*The Week in Germany*, May 23, 1980; *The New York Times*, August 22, 1980.

surface during the campaign, but the differences between the parties on these issues were not fundamental. The SPD-FDP governing coalition and the CDU/CSU were and are in broad accord on West Germany's need to remain a close ally of the United States and other Western powers, to oppose Soviet expansionism, and to eschew a position of neutrality. On domestic issues, like abortion and education, there have been important policy differences, but these barely surfaced for fear that more votes might be lost than gained by taking a controversial position. During the heat of the campaign, few observers were aware of the fact that there has been a remarkable unanimity between the parties during the course of their normal legislative deliberations; for instance, nine-tenths of all laws have received the support of the SPD/FDP coalition and the CDU/CSU opposition in Parliament.

ELECTION RESULTS

As expected, on October 5, 1980, the outgoing governing coalition won the election. Nearly 89 percent of the more than 43 million eligible voters cast their ballots. The SPD and FDP increased their majority in the Bundestag (lower house of Parliament) from 10 to 45 seats, a comfortable lead for the government coalition, even should some defections among government deputies take place in the course of the four-year legislative session (1980 to 1984). The SPD was disappointed because it was only able to increase its percentage of the votes by a fraction, to 42.9 percent, from the previous election in 1976. It obtained 218 seats in the Bundestag, an increase of 4 seats. On the other hand, the FDP made spectacular and unexpected gains: it increased its share of votes from 7.9 percent in 1976 to 10.6 percent in 1980, and its seats from 39 to 53. CDU/CSU votes dropped sharply from 48.6 percent in 1976 to 44.5 percent, with a loss of 17 seats, from 243 to 226.

Once again, as in previous national elections, the extremist parties on the left and right fared poorly. The German Communist party and the right-wing National Democratic party each received only 0.2 percent of the vote, down from 0.3 percent in 1976. A new environmentalist party known as the "Greens," formed in 1979-1980, hoped to receive more than 5 percent of the vote—the minimum required to obtain seats in the Bundestag. But because of an ideological schism and fears among its supporters that a vote for the party would be wasted and would strengthen the chance of a Strauss victory, it could muster only 1.5 percent of the total vote. Hence, once again the only three parties represented in the Bundestag are the governing parties, SPD and FDP, and the opposition party, CDU/CSU.

The election results confirmed the popularity of Chancellor Schmidt, whose leadership in office since

1974 has been firm and steady, marred by few setbacks. His own party, led by Willy Brandt, Chancellor from 1969 to 1974, had less reason to rejoice. It had hoped to get a plurality of votes and seats but, as was true in 1976, the CDU/CSU outpolled it. In postmortem analyses, SPD leaders felt that they should have waged a more aggressive campaign on major issues, that the party's positions were not made clear, that there was too much reliance on the Chancellor's popularity, and that there were not enough appeals to the workers—normally the strongest group supporting the party. As a result, the SPD failed to pick up strength in industrial centers but did better in rural and Catholic areas, despite a move by the church during the campaign to endorse the CDU/CSU indirectly.

The SPD again became the dominant governing party because of the FDP pledge to maintain the coalition if both parties together outpolled the CDU/CSU. The FDP, which had been a political ally of the Christian Democrats for most of the period from 1949 to 1966, did not want to renew its erstwhile alliance with a party seen as too conservative on some social and foreign policy issues. As a result of the election results, the FDP, under the chairmanship of Foreign Minister Hans-Dietrich Genscher, gained in prestige. Its earlier fear of not receiving the 5 percent minimum to stay in the Bundestag evaporated on election night. Its surprising show of strength came from middle-of-the-road Schmidt supporters who did not want to vote for a SPD containing a strong left-wing minority, from CDU supporters who disliked Strauss, and from voters who wanted to maintain a three-party system in which FDP Cabinet ministers would act as a politically moderating influence on their SPD colleagues.

The CDU/CSU was disappointed in its poor showing, despite the fact that (as a result of receiving a plurality of votes) it again became the largest party in the Bundestag, and received the Bundestag presidency. Unable to get 50 percent of the vote, it could not expect to govern the nation alone; unable to find a coalition partner to jump over the 50 percent hurdle, it was forced once again (for the fourth time since 1969) to occupy the familiar opposition bench. Why its relatively poor showing compared to 1976? One, the candidacy of the controversial Strauss lost the party many votes; and two, the voters were in general satisfied with the government's domestic and foreign policies led by a popular Chancellor who was a moderate pragmatist and not a leftist ideologue.

THE NEW GOVERNMENT

Clearly, the voters wanted neither an all-SPD government nor an all-CDU/CSU government led by Strauss. The consequence is a continuation of the SPD/FDP coalition until the Bundestag legislative

term ends in 1984—unless (but unlikely) it breaks up before then because of growing political divergence. During the coalition negotiations between the SPD and the FDP on the formation of a new government and a commonly acceptable program, some differences emerged on economic issues, and painful compromises had to be made. On November 5, the Bundestag reelected Schmidt Chancellor, and a replastered Cabinet consisting once again of 13 SPD and 4 FDP members was sworn in.

Political stability seems assured, even though differences have continued under the placid surface. The FDP Minister of Economics, Otto Count Lambsdorff, has repeatedly taken a more conservative position on economic and labor affairs than many of his SPD colleagues. Relations between Schmidt and Genscher have never been too cordial, despite their convergence of foreign policy views.

On November 24, Schmidt delivered the government statement, comparable to the United States State of the Union message. In it, the Chancellor emphasized the cornerstones of the country's foreign policy—a strengthened Atlantic Alliance and European Community, arms control negotiations, cooperation with the East—and of domestic policy—budget restraint, reforms and modernization, the integration of foreigners and less dependence on imported oil. The somber statement did not evoke much of a stir; it did not call for any major change in policy. As the Chancellor noted, "The world has grown more complicated than many people had realized. For this reason, too, there can be no simple, let alone final, answers to political issues."²

Political stability at the polls and continuity in policy do not imply a lack of opposition. On the right, according to the reports of the Office for the Protection of the Constitution, there were 75 neo-Nazi groups in 1980. When the government banned one neo-Nazi group (the Defense Sport Group Hoffman), in January, 1980, many known neo-Nazis severed their ties to the neo-Nazis. But even though their membership of 19,000 is relatively small, they are becoming more willing to use violence to achieve their ends. Since 1977, violent neo-Nazi acts have more than doubled, climaxed by the deaths of 13 persons in the 1980 Oktoberfest bombing in Munich. Concerned about these developments, Werner Nachmann, the leader of the small Jewish community in West Berlin, called on Simone Weil, the president of the European Parliament, to coordinate the efforts against right extremism throughout West Europe.

On the other side of the spectrum, about 68,000 persons are members of left-wing organizations, including 40,000 in the German Communist party. The rest belong to Maoist, radical or new left groups, with

strength primarily among university students, and with relatively little following among blue-collar workers. Leftist adherents have taken few violent actions in recent years; the decimated Baader-Meinhof group, the Red Army Faction and the Second of June movement have become inactive for the time being.

As a counterpoint to the occasional violence infrequent scandals rock the established parties. One of the more dramatic scandals produced the resignation of the SPD-FDP Cabinet of West Berlin Mayor Dietrich Stobbe in January, 1981. The SPD, which has been in power with or without a coalition partner since World War II, made a number of patronage appointments as rewards for party loyalty rather than competence. One consequence was its poor judgment in guaranteeing bank loans to a Berlin construction firm to the tune of \$57 million for an unfinished project in Saudi Arabia. The bankrupted firm, headed by a man who promptly disappeared abroad, had been in financial difficulties since 1978 and was being investigated for tax fraud. Party leaders asked the Bonn Minister of Justice, Hans-Jochen Vogel (SPD), to resign his post and to replace Stobbe in Berlin. New elections have been scheduled for June, 1981; as a result of the scandal, the governing coalition in Berlin may be in difficulty.

No matter what administration is in power in that beleaguered city, it faces major problems, including the lack of adequate housing for 80,000 persons. The housing shortage, in turn, produced street violence when militants occupying a number of abandoned houses clashed with police, demanding the right to take over buildings slated for demolition or renovation. Another major problem is the influx of 200,000 foreign workers and their families who need jobs, housing, schools and welfare services. Finally, West Berlin must try to attract skilled workers and top managers. According to one analyst: "Berlin is not the place for dynamic people who want to move upward in society. It is filled with the elderly, nostalgic for the old days, and it has become a haven for young people looking for alternative life styles."

THE ECONOMIC SCENE

Compared to most other industrialized states, West Germany has not performed badly in the economic realm. Indeed, it ranks among the top in a number of indicators: it has the world's largest currency reserves and the second largest gold reserves; the German mark ranks next to the United States dollar as the most important currency in world trade; it enjoys the world's highest exports per capita and one of the world's highest per capita annual incomes (\$9,278 in 1978 as compared to \$7,572 for the United States).

Such high rankings indicate relative prosperity for the bulk of the population, as any visitor to West

²*Bulletin* (Bonn), no. 12, December 12, 1980.

Germany can testify. Inflation has been kept relatively low (about 4.4 to 5.5 percent per year), while unemployment in recent years has fluctuated between 760,000 and 1 million, or around 3.3 to 4 percent. The powerful and independent central bank, the Bundesbank, has maintained a tight money policy that has kept the economy free of major cyclical turns. According to Chairman Karl Otto Pohl:

I am absolutely determined to maintain this (tight money) course, which has proved to be highly successful in the past. A stable currency is a very good precondition for high savings, high investment, and high productivity.³

But there are clouds on the horizon. Partly because of the tight money policy, economic growth is expected to slow down to 2 percent a year and in 1981 may even be zero or 1 percent maximum. As a result of lower demand for goods and less production, unemployment may rise to 6 percent in 1981 (it reached 1.3 million or 5.6 percent in January, 1981). A high balance-of-payments deficit is expected to continue but may taper off should the level of exports, on which the economy is highly dependent, increase significantly. In such a case, industrial investments, especially in mining, energy production and automobiles, would be boosted.

Economists predict that there will be less of an increase in the standard of living in the 1980's as compared to the 1960's and 1970's, because of the need to pay for higher energy costs, to find substitutes for oil and to save on energy. Some fear that unemployment will rise significantly until 1985 because of a change in the country's population structure. During these years, persons of working age (15 to 65) will increase rapidly and the proportion of women working will also increase. As a consequence, between 150,000 to 200,000 new jobs will have to be created annually, an increase of 1 percent per year. But after 1985, according to this projection, the lower birthrate of the 1970's may produce a labor shortage. Whether such estimates will prove accurate is unpredictable, because the Federal Republic is far too closely linked to other countries in its patterns of trade, commodity price fluctuations, and monetary exchanges.

To cope with some of these gloomy forecasts, the new government has sought to maintain a low increase in the budget by shelving some contemplated reforms, like the expensive Noise Abatement Act. The SPD would like to use the occasion to stop any government spending on incentives for cable television, which it views as an opening wedge for commercial television in the Federal Republic. To save money, SPD and FDP have agreed that in the future pensions will be linked to net rather than gross income, that new housing will be financed by private

rather than public funds, and that some agricultural subsidies may be cut (for the FDP this would be a difficult step because many of its supporters are farmers).

This list of possible cuts resembles United States President Ronald Reagan's list, but it is not so long and it stems from a social-liberal coalition whose ideological point of view (especially SPD's) finds such budget cutting painful. No immediate cuts are planned for politically powerful groups like the civil servants. But whether the government's intentions to pursue a policy of austerity and belt-tightening in order to control inflation and produce a better balance of payments will be successful remains to be seen.

One liberal newspaper viewed the projected cuts in government spending with misgivings but noted:

There is no question but that in the new decade we have to adjust ourselves to comparatively lean years. Gains in prosperity which we have enjoyed in the last thirty years will remain an illusion in the 1980's.⁴

Difficulties have risen all over: in industries struggling with market saturation (i.e., automobile and home appliances) or with international competition; in the need to share the social product with developing countries; in the oil price increases, the higher European Community budget, and the higher armament burden. The *Frankfurter Rundschau* warned that government cuts would hasten the recession, and that the employers' intention to hold wage increases to 2.5 percent would further curtail consumer spending power.

While potential problems worried policymakers in Bonn, they had to deal with an immediate labor-management dispute that threatened the October, 1980, coalition negotiations for the new Schmidt government. The giant Mannesmann Company, manufacturer of steel, pipes and other products, sought to reorganize its plant in order to reduce jobs and save money. But the reorganization would mean that labor's voice in company management (based on a 1951 law for codetermination, in which labor representatives have parity with employers on supervisory boards in the steel and coal industries) would be reduced. The trade unions, supported by the SPD,

(Continued on page 223)

Gerard Braunthal is a specialist in German politics and comparative government. In recent years he was a visiting professor at Freiburg and Bonn universities; he is the author of *The Federation of German Industry in Politics* (Ithaca: Cornell University Press, 1965), *The West German Legislative Process: A Case Study of Two Transportation Bills* (Ithaca: Cornell University Press, 1972), and *Socialist Labor and Politics in Weimar Germany: The General Federation of German Trade Unions* (Hamden, Conn.: Anchor Books, 1978; German edition, Bund-Verlag, 1981).

³*Christian Science Monitor*, October 21, 1980.

⁴*Frankfurter Rundschau*, January 29, 1981.

In Britain, "Thatcher's own party is restless. The coming years will bear close watching, not so much because of Thatcher . . . but because of the Conservative party, which must remain strongly behind her and help her turn what she practices into reality."

Thatcher's Britain

BY RICHARD H. LEACH

Professor of Political Science, Duke University

THE politics and economy of Britain in the 1980's did not emerge full-blown at the beginning of the decade. They find roots as far back as the Great Depression and World War II, both of which had disastrous effects on the country. They are also rooted in the age and high cost of operation of much of Britain's industrial plant. And they are rooted more immediately in the policies and programs of the Labour governments that held power in Parliament from 1974 to 1979. Although the Labour governments attempted to attack "the evils of inflation and unemployment, the two most serious social problems facing the nation" (Labour Prime Minister James Callaghan's words in the Speech from the Throne, November 1, 1978), almost from the beginning they were beset by troubles within the Labour party itself and were often brought close to defeat by the effective opposition of the Conservative party, headed in Parliament by Margaret Thatcher.

Toward the end of Labour's time in office, Britain was consumed by a spate of strikes, paralyzing for long periods the nation's essential public services. Finally, in March, 1979, the Callaghan government lost a crucial vote of confidence, and it was forced to call a general election for May. Thatcher's party won the election handily, with 44 percent of the votes cast (the Labour party received 37 percent of the votes and the Liberal party, 14 percent), which translated into 339 Conservative seats in the 635-member House of Commons, a safe majority and the largest any government has held since 1966.

The stage seemed to be set for Britain's own version of a "new deal." For Thatcher took her party's victory as a mandate, as David Broder was to put it later, to "administer shock therapy to a slothful economy, not just with policy but with rhetoric."

Two years is not long enough to permit any definitive evaluation of the success or failure of the policies of a government. It is long enough, however, to enable the observer to see intentions turned into programs and to assess their impact in a preliminary way. It is necessary first of all to understand the

dimensions of the task the Thatcher government took upon itself. As George Melloan put it in *The Wall Street Journal*:

Labour governments had taken Britain further down the road to socialism than most outsiders are aware More than half of Britain's productive capacity is in state hands, which means that some sectors, such as British Steel, are subsidized in their competition with private industry, and others, like the Coal Board, have no competition at all. Even in the private sector there are anti-competitive practices and habits that date all the way back to the Guild Halls of medieval times. The country has an economy where normal market processes at every level . . . are interfered with by government through a massively complex skein of doles, subsidies, formal and informal regulation and intervention.¹

Put simply, Thatcher's government sought to prevent the process of state intervention from going any further and indeed to begin its reversal.

To do so involved two kinds of action. On the one hand, Thatcher has taken on the role of teacher; on the other hand, she has emerged as Britain's preeminent economic policymaker. In the first role, Thatcher has been unrelenting in driving home a simple message: the British people must learn to live within their means at a time when their economy is suffering from prior government intervention. As she put it in remarks at Georgetown University in February, 1981, the people must be persuaded to "match their expectations to a world in which growth is likely to be slower than in the early 1970's, and increases in living standards have to be hard-earned. . . . In public expenditure and in the running of private industry the coat must match the cloth," she declared. She sees it as her primary role to convince the British people that only a tough and austere government will triumph over soaring unemployment and industrial decline.

This is a hard role to play over a long period of time; by early 1981 it was difficult for Thatcher to maintain her credibility, not because of any softening of her message, but rather because of the difficulties her government encountered in devising and implementing effective economic policies.

These policies have two basic goals: to bring down inflation and to bring about a new industrial revolution by restoring a climate in which productive in-

¹George Melloan, "The Cost of Good Intentions in the U.K.," *The Wall Street Journal*, February 19, 1981, p. 20. Melloan is deputy editor of the *Journal's* editorial page.

dustry can prosper. To these ends, the Thatcher government has made a variety of moves since coming into office. Briefly stated, and without attempting to assign priorities, efforts have been made to:

1. reduce the rate of growth in the money supply (through a firm monetary policy), reduce borrowing by the government, and bring down interest rates;
2. reduce government expenditures or at least restrain their growth;
3. increase the growth of productivity by reducing marginal tax rates for higher income groups and stopping the support of inefficient industries, in the public and the private sector;
4. reduce the burden of regulation on industry and commerce by reintroducing "the discipline of market competition [and] forcing industry to fight or die";
5. scrap credit ceilings, exchange controls and income restraints so as to make capital flow more readily;
6. bring wage increases under control and rid industry of featherbedding practices;
7. denationalize at least part of the huge state-owned industrial segment;
8. give whatever help possible to private industry.

Few of those efforts have any chance of an easy or early success. In fact, the momentum of the past has served to worsen Britain's overall economic position since Thatcher came to power. As of February, 1981, "the British unemployment rate [was] almost 10 percent, and it is likely to rise further before the worst is over. Real economic activity is still falling, and it is not clear when the recovery will begin."²

With such a prospect, it is not surprising that Thatcher's program has not been overwhelmingly popular. Ever since the program was enunciated, it has been subject to attack. Most recently, Thatcher backed down on her decision to close a number of inefficient mines in the face of a series of strikes by miners. She has also been opposed by such prestigious bodies as the National Institute of Economic and Social Research, which has urged her government to ease its tight-credit policies to help pull the economy out of its slump.

So far, Thatcher has not yielded to criticism. She hopes that the British people will come to understand, as Herbert Stein, a noted American economist put it, that "Thatcherism is not a bonbon [to be] selected from a box of equally attractive chocolates . . . [It] is

a pill, known to be bitter, [to be] taken after decades—some would say a century—in which other medicines had failed."³

The problem, Herbert Stein concluded, "lies in the relation between inflation and productivity growth."

In the real world the process of reducing inflation creates a period of unemployment and excess capacity. This is not an economic environment in which there will be much new investment, movement of workers or cuts in government support programs. It will also be an environment of large budget deficits, which will crowd out private investment . . . productivity growth cannot be substantially accelerated while inflation is being forced down . . .

Although they often do not agree on specific courses of action, economists agree that inflation has to come down first, so that it is necessary in Britain "to live through [a] painful period." Only after that can any progress be made on the productivity front. "That is the British ordeal and the ordeal of Mrs. Thatcher."⁴

That ordeal may soon be at an end. As of the beginning of 1981, inflation in Britain had begun to come down "from a year-over-year rate exceeding 20 percent . . . to single-digit levels over the last six months [of 1980]. Price increases in the private sector [were] running at an even lower rate than price increases in the nationalized industries."⁵ Since the Thatcher government can hold office until May, 1984, the economic balance it is seeking to restore may become a reality. To be sure, Thatcher's economic policies may not prove out; should that be the case, Thatcher would probably not survive the election. On the other hand, no alternative policies have been offered to date, although two years is ample time for the critics of Thatcherism to have developed a different and better policy.

Even the Labour party has failed to stand strongly against Thatcherism. Since its defeat, it has been seriously fractured, to the extent that it cannot play its opposition role effectively, to say nothing of having a chance to return to power soon. An intraparty fight to name Callaghan's successor left wounds of its own; and the new leader, Michael Foot, has had to deal with the secession of part of the party. Angered by the party's steady leftward drift, as evidenced by its advocacy of British withdrawal from the Common Market, unilateral nuclear disarmament, and a strongly socialist economic policy (including even more nationalization of industry), many more conservative members of the party determined to leave and to form some kind of Social Democratic party along the lines of those in West Europe. Their decision was hastened by the action taken at a special meeting of the party in the winter of 1981, when a resolution was adopted giving unions and local Labour party organizations the major voice in determining the party's leader (and thus the Prime

²Rudolph G. Penner, "The Lessons of Thatcherization," *The New York Times*, March 1, 1981, p. 2F.

³Herbert Stein, "Britain and the Ordeal of Margaret Thatcher," *The Wall Street Journal*, February 25, 1981, p. 28.

⁴*Ibid.*

⁵Penner, *op. cit.*

Minister, should the party be returned to power) instead of allowing the Labour members of Parliament to make such a decision, as they had in the past. In any case, on March 2, 1981, 21 dissident members of the party (12 members of the House of Commons and 9 members of the House of Lords) resigned from the party formally and announced their intention to form a new party within two months. Should the new party in fact develop, it would presumably seek to capture the middle ground between the Labour and the Conservative parties as they are now constituted.

With the virtual demise of the Liberal party—its 14 percent of the vote in 1979 won it only six seats in Parliament—and the wounded condition of the Labour party, the possibility of a new party in the next general election has raised a great deal of speculation. Thus an opinion poll taken early in February by *The Observer*, a respected Sunday newspaper in Britain, gave the proposed Social Democratic party a substantial lead over both the Labour and the Conservative parties. In any case, the Labour party seems to have disappeared as an effective opposition.

Thus since 1979 British politics has entered a period of reconstruction unlike any in recent times. British economic policy has also taken a new—or an old, some would say—direction. The leading force in both developments has been Britain's first woman Prime Minister, Margaret Thatcher. Indeed, what is extraordinary is the degree of power that the Prime Minister has taken into her own hands. The Conservative party has always endowed its leader with more power than the Labour party, whose party conferences are true policymaking bodies, their decisions binding on all party members. But it is more than tradition and party acquiescence that give power to "Mrs. T." or "Maggie" (as she is often nicknamed). It is largely the force of her own convictions, personality, qualities of leadership and certainty in the rightness of her cause that have won respect. Thus she is also occasionally nicknamed the Iron Lady. Mrs. T. may well turn out to be one of Britain's most illustrious Prime Ministers.

THE PROBLEM OF NORTHERN IRELAND

Whether she does or not will depend on more than her performance on Britain's domestic political and economic fronts. It will depend in part at least on what she can do about the dissident parts of the United Kingdom, because some of the hardest problems facing Britain lie in Scotland, Wales and Northern Ireland, which together with England have formed the United Kingdom since 1922. The longest festering sore, of course, is the problem of North Ireland. It is still torn by civil conflict between the

Catholics, whose Irish Republican Army (IRA) has been fighting for years to oust the British from the area and annex it to the Irish Republic (Eire) to the south, and the less well-organized but equally pugnacious Protestants, who are not agreed among themselves as to their ultimate objective. Because of the continuing conflict and its impact on peace and order in Northern Ireland, in 1972 the British government suspended the Parliament of Northern Ireland, which had been granted as a concession by the British in 1920. When Margaret Thatcher came to power, the Parliament remained suspended and the issues were unresolved. So they still are. Since she has been in office, IRA tactics have featured hunger strikes by jailed IRA "guerrillas," but fewer occasions have been seized on by terrorists to test the government's strength.

There does not seem to be any easy solution for the Thatcher government. Even the Royal Commission appointed in 1969 (later known as the Kilbrandon Commission), which investigated the situation with care and in detail, failed to make any proposals for the solution of Northern Ireland's complex of problems. However, the situation may be on the verge of change. By the winter of 1981, the economic malaise that plagued all Britain seemed to have made some groups in Northern Ireland more anxious about the possible loss of their jobs than about waging the holy war.⁶ And for her part, Thatcher has begun overtures toward resolution; in a Cabinet reshuffle at the end of 1980 she allocated three "rather intelligent junior ministers" to Northern Irish affairs and authorized the establishment of joint committees between Britain and the Republic of Ireland to deal with matters of common concern,⁷ thus possibly setting in motion a mechanism for rapprochement.

As if one dissident in the "United" Kingdom were not enough, Thatcher also faces problems in Scotland and Wales growing out of nationalist movements there. Scottish and Welsh nationalism was not so well formed as that in Northern Ireland in the immediate post World War I years, and so Scotland and Wales continued to be governed by the Parliament in London. But after World War II, the economic disparities between Scotland and Wales on the one hand and England on the other began to aggravate an already touchy situation, and the discovery of oil in the North Sea made some Scots even more anxious to go it on their own. As a result, Scottish and Welsh nationalists became increasingly insistent that they, too, be granted self-rule, and in 1978 the Labour government enacted legislation to make that possible.

The legislation authorized the establishment of elected assemblies in both Scotland and Wales, conditional on the approval of 40 percent of the two electorates. When the referendums were held early in 1979, the Scots narrowly approved the devolution

⁶*The Economist*, January 10, 1981, p. 48.

⁷*Ibid.*

scheme, but not by the required percentage, and the Welsh emphatically rejected it. The original legislation provided that if the referendums failed to garner enough votes, an order to repeal the two acts had to be introduced. When the Labour government sought to follow the terms of the act and refused to use whips* to secure the defeat of the orders in the Commons, the Scottish National party was instrumental in bringing the Callaghan government down. Very shortly after the Conservative party came into power, both the Scotland and the Wales acts were repealed.

The Scottish and Welsh nationalism that inspired passage of the acts is still there. In both Scotland and Wales, nationalists regard the whole episode as "a temporary lapse in the inevitable movement towards self-government."⁸ Thus the issue is not dead; it may well become a force with which the Thatcher government may have to deal.

The Thatcher record will also depend on what Mrs. T. is able to do for Britain in the world at large, because Britain still plays an important world role. In the narrower world of the Commonwealth, it is unlikely that Britain will seek to play the dominant role that it did in days of yore. The Thatcher government will very likely be content if it can avoid any more Rhodesias. Oddly enough, it is Canada—perhaps the most staid member of the Commonwealth—which is offering the Thatcher government a Catch-22 problem in 1981. The British Parliament created Canada by enacting the British North America Act in 1867, and that act has served as Canada's constitution ever since. Canadian Prime Minister Pierre-Elliott Trudeau, having tried in vain to reach agreement within Canada on a "patriated" constitution, petitioned the British Parliament in 1980 to enact legislation which would in effect give Canada a constitution drawn up unilaterally by his government in Ottawa. The draft constitution that the Trudeau government sent Parliament for consideration contained elements very unpopular with the leadership of several Canadian provinces. Thus Parliament and Thatcher found themselves in the middle of a Canadian tug-of-war between a determined government in power in Ottawa and six vehemently (and two a little less so) opposed provinces. However it turns out, Britain will probably win few friends in Canada and may lose a good many. In the long run this may well weaken the tie between Britain and Canada.

Finally, a word about Britain in the larger world. Certainly Thatcher's visit to the United States in

February, 1981, was a success. The rapport evidently established between Thatcher and President Ronald Reagan promises to strengthen Britain's overall international position in the West and to bolster the Thatcher government at home. Britain has joined the United States in taking a stiffer attitude toward the Soviet Union. Britain's membership in the European Economic Community (EEC) continues to be a constraining factor on the Thatcher government, as it was on the Labour governments that preceded it. Thatcher is well aware that recent polls indicate clearly "that the vast majority of Britons do not love the EEC" She has expressed dissatisfaction with specific economic policies and requirements imposed by the community, especially with the share of the community's budget Britain is expected to bear, but she has not gone so far as the Labour party to call for Britain's withdrawal altogether. Likewise, Britain's membership in the North Atlantic Treaty Organization (NATO) serves to limit the freedom of the Thatcher government in terms of defense policies, and it has an economic impact as well—under Thatcher, Britain has been meeting its commitment to increase defense spending in real terms by at least three percent a year, in part to meet its NATO defense obligations.

It is in the Middle East that the Thatcher government has moved most dramatically and independently. Sir John Graham, Permanent Under Secretary of the Foreign Service, in 1980 became the first senior British official to meet with Palestine Liberation Organization (PLO) leader Yasir Arafat, seeking some means of accommodation between the PLO and the Israeli government. It is the Foreign Office conviction that peace in the Middle East can be secured only if some movement is made to satisfy Arab demands. It is not clear how far Thatcher is willing to go; to move too far would run against United States policy. Whether Thatcher wants to make that a test of her friendship with the Reagan administration remains to be seen.

As far as the third world is concerned, Britain, like the United States, has been cutting down its assistance to poorer nations. With the exception of foreign aid, however, Britain under Thatcher continues to play the limited international role it has worked out for itself since the 1960's.

In 1976, a call to action to the Conservative party

(Continued on page 224)

*Party members in Parliament assigned to persuade party members to vote the party "line."

⁸David Heald, *Financing Devolution within the United Kingdom: A Study of the Lessons from Failure*, Research Monograph No. 32, Centre for Research on Federal Financial Relations (Canberra: The Australian National University, 1980), p. 2.

⁹*The Economist*, February 7, 1981, p. 56.

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"It would be unfortunate if [President] Giscard yielded to the temptation of isolating himself within the Elysée fortress instead of standing on his impressive record and confronting political challenges. . . . Giscard d'Estaing's record has substance. The republic is basically stable; the economy is competitive; and France is respected."

France Under Giscard

BY W. FRANCIS RYAN

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AS French men and women prepared for the presidential elections on April 26 and May 10, they were asked to pass judgment on the first septennat of Valéry Giscard d'Estaing as President of the Fifth Republic. As conceived by Charles de Gaulle in 1958, the President's role was designed to give its holder the stature of a statesman above the divisiveness of parliamentary politics. The President of the Fifth Republic has sweeping powers—he may disregard the legislature (the National Assembly and Senate) on many issues; he is elected (since 1962) by direct popular suffrage rather than by a limited electoral body; and he can appoint his Prime Minister from outside the Parliament, thus assuring the latter's loyalty to himself.¹ Holding the title *Chef de l'Etat* while the Prime Minister battles as the head of government, he can address the nation as its best friend, without reference to the government and its problems.

This also indicates the potential weakness of the office. If and when a President feels that the Prime Minister is accountable for policy while the President and his office are immune from criticism, the Left's fears about a "presidential monarchy" may be realized.

During the de Gaulle years, commentators frequently wondered whether the office and the system could survive the general. While the 23-year record is impressive, especially for a French regime, the system has not yet been thoroughly tested. Although the government came through the May, 1968, trial intact, the crucial test will come when the President confronts an opposing majority in Parliament that seeks to reclaim powers now held by the executive. When this seemed a possibility before the 1978 parliamentary elections, Giscard was expected either to resign or to convert the presidency to a more honorific post. The test, of course, never occurred; instead, eleventh-hour disagreements split the Left and allowed the majority parties to retain power.

Hence, until the opposition can capture a parlia-

mentary majority, an evaluation of the Fifth Republic and its President must be based on more traditional criteria of political and economic performances. These are impressive. Building on the record of his predecessors, Charles de Gaulle and Georges Pompidou (1969-1974), Giscard has not only maintained the republic, but has strengthened it in many ways. The fact that he completed a full septennat and is expected to be endorsed for a second may scuttle the leftist myth that true republicans could not tolerate a President serving two seven-year terms.

GISCARD'S VIEW

Giscard's appreciation of the aura of the presidential office was acquired early in his term. Not long after his 1974 election, he abandoned the image of the people's President walking down the Champs Elysée for the regal style of the Elysée Palace. A man of the political center whose dream of an "advanced liberal society" is somewhat less than stirring, Giscard's early folksiness reminded many observers of Louis-Philippe, the "bourgeois king" who reigned from 1830 to 1848. Despite a reign of notable economic growth and progress, Louis-Philippe's bland demeanor earned him only contempt—charges that his reign "bored" Frenchmen, derisive pear-shaped caricatures by Daumier and, lastly, an unceremonious ouster in the revolution of 1848. But for the most part Giscard d'Estaing has avoided the commoner's image that deregalized the bourgeois king. By occupying the "high plain," he has distanced himself from the elements that could tarnish his office with the commonplace—political parties and squabbling politicians.

His conscious effort to dissociate himself and his office from the mundane has been evident in many ways. The difference between the presidencies of the Fifth Republic and earlier republics is clear in Giscard's constant reference to himself as *le Chef de l'Etat* rather than *le Président de la République*. His disdain for politics comes through on other occasions. In early 1980, when asked in a televised interview whether the attitudes of leftist party leaders might not help his candidacy, he responded, "I'm not concerned

¹François Goguel and Alfred Grosser, *La Politique en France*, rev. ed. (Paris: Armand Colin, 1980), pp. 201-212, 235-240.

with those questions. I direct France's international relations; the party leaders direct the actions of their parties."²

Although most pre-election polls showed that Giscard appeared more "presidential" than other candidates, there was criticism that his presidential style was too monarchical. This criticism should not prevent his reelection, which may well be assured by the disarray of the political opposition. As in 1965 and 1974, a crowded field of some 40 aspirants was headed by François Mitterand, the veteran leader of the Socialist party, who won 49 percent of the vote in 1974. Other significant candidates included Communist party leader Georges Marchais and two former Gaullist Prime Ministers—Jacques Chirac, mayor of Paris and a bitter foe of Giscard, and Michel Debré, the author of the constitution.

A threat of a different sort is posed by the comedian Coluche. Conducting a "campaign" that is nothing but a ribald parody of the presidency (and its holder), Coluche has been widely applauded for striking at what may be the most vulnerable side of Giscard's presidency. If the July Monarchy analogy holds true, Coluche may be doing for Giscard what Daumier's drawings did for Louis-Philippe.

French politics today is characterized by change and shifting party realignments. Since the late 1960's, two large blocs have been competing for power as member parties supported common candidates in second-round elections; but this trend has apparently been interrupted. On the left, the Common Program drawn up by the Socialist (PSF) and Communist (PCF) parties in 1972 has been in ruins since 1978 when the Communists, unhappy as the second party of the left, called for radical measures that went beyond the agreement. The recent endorsement by the PCF (alone among Western Communist parties) of the Soviet invasion of Afghanistan has widened the gulf between the two parties.

The majority bloc, under the label of the *Union pour la Démocratie Française* (UDF), which includes the Gaullist *Ralliement pour la République* (RPR) and other centrist and moderate right parties, has also shown signs of fragmenting, especially because the threat of a united left has been temporarily removed.

NEW ALIGNMENTS

As old party alliances are seriously questioned, there is a strong likelihood that France's political leaders will explore new alignments—a process that did not exclude negotiations over the second round of

the presidential balloting on May 10. Among the Socialists, younger leaders like Michael Rocard have been critical of Mitterand and his marriage with the Communists and have encouraged a socialist approach toward the center. Such an overture may be attractive to the Giscardian center even if, at least for the moment, it is not attractive to Giscard himself.

It may, however, have an appeal in light of the President's relations with the Gaullists, which have never been warm and have become more strained. The RPR leaders, long mistrustful of Giscard's Europeanism, have complained that Giscard's policies have been too soft on Soviet expansionism. The government's seemingly equivocal response to the Soviet-Afghanistan issue has only sharpened this criticism. Considering the bitter opposition to Giscard mounted by Chirac, the RPR president, the salvaging of the UDF-RPR bloc will not be easy. Throughout his term, Giscard has been able to stand above party matters and to avoid closing the door to the moderate elements of the major political parties. While his initial remarks of the 1981 campaign were focused on the leftist threat, he may still want to keep the door open to the moderate left.³

THE BARRE PLAN

In handling the French economy, Giscard can claim significant if modest successes in a time of limited resources and overall slowdown among Western economies. The cornerstone of Giscard's economic policy was the Barre Plan, named for Prime Minister Raymond Barre, its designer and executor. Launched in 1976, the plan called for a drastic overhauling—"convergences and readjustments"—of the French economy by 1979. The plan has been misleadingly described by the press as a French version of liberal economic theory that allows free rein to market forces; but it is actually the methodical and phased long-range reordering of French industrial priorities. In theory, it draws pragmatically on the principles of economic liberalism as well as old-fashioned French *dirigisme*.

The plan's early accomplishments, achieved by 1979, were the stabilization of the franc and the lifting of price controls from a wide range of consumer items, even including bread, which had been subsidized ever since the eighteenth century revolution. The next steps sought to give those industries that could compete the ability to compete more effectively in a world of radically shifting industrial strength. Areas in which France had little or no economic advantage, because of shortages in resources or labor, were denied government subsidies and were left to fend for themselves. Included in this category were textiles, certain small-scale luxury items and inefficient aspects of the steel and shipbuilding industries.

Picking up the subsidies (and perhaps the dis-

²French Embassy, Press and Information Division, February 26, 1980, pp. 17-18.

³*Economist* (London) November 10, 1979, pp. 17-18; January 19, 1980, pp. 40, 42. *Le Monde*, December 18-24, 1980, p. 16; January 22-28, 1981, p. 7. *Europe*, no. 222 (January-February, 1981), p. 40.

missed labor force) that had gone to these sectors were the strategic industries in which the government believes that France has a competitive advantage. These include telecommunications, microelectronics, electronic office equipment, nuclear power, aerospace technology (into which the government has poured \$8 billion since 1976), biotechnology and underseas research. All these industries will receive investment subsidies totaling \$25 billion by 1986.⁴

The execution of the Barre Plan included pain and suffering for France's workers as well as considerable risk for the government. In withdrawing subsidies from certain industries, there were massive layoffs and an overall slowing of the rate of industrial growth. This "controlled shrinkage" required the Rhône Poulenc Textile Company to close five plants and to cut its labor force by one-fourth (17,000 jobs) between 1977 and 1980. The steel mills of Lorraine underwent a \$5-billion reorganization that required the layoff of more than 20,000 by 1979. Coupled with dismissals from other sluggish sectors, this swelled the unemployment figures to between 1.4 and 1.5 million.

The daring aspect of the government's role was its willingness to risk the protests of these dislocated workers until they could be absorbed by favored industries. Despite a government assistance package of \$1.6 billion (which included cash payments of \$12,000 or a bonus of \$2,500 to persuade immigrant laborers to return to their homelands), 1978 and 1979 were anxious years. In March, 1979, 60,000 workers marched in Paris in what threatened to be a workers' version of the May, 1968, students' revolt.

The degree of labor frustration remains high in 1981. Unemployment still stands at 1.5 million, 6 to 7 percent of the work force, and inflation rose from an 11 percent rate in 1979 to 13 percent in 1980. Nevertheless, workers do not seem to be turning to radical solutions. In the 1979 voting for local labor courts, 13 million workers cast ballots favoring the moderate and generally apolitical *Force ouvrière* (FO) and the Socialist-leaning *Confédération Française Démocratique du Travail* (CFDT), whose leaders stressed economic rather than political issues. The largest union, the Communist-led *Confédération Générale du Travail* (CGT), actually lost seats.⁵ Whether this indicates labor's acceptance of the Barre Plan or its resignation in the wake of the political Left's defeats, it augurs well for the Barre ministry which, barring Pompidou's tenure, is the longest on record for the Fifth Republic.

Although the Prime Minister's three-year deadline

for the plan has been missed, there are signs that the economy is improving. The overall rate of growth may be down from 1979, but France has become more competitive and its exports have climbed 30 percent since the plan's inception in 1976. Corporate profits have averaged 18 percent over each of the last three years; with additional government funds, this should encourage investments that can provide new jobs. Although sluggish, the 1.8 percent rate of economic growth in 1980 was higher than the overall European average of 1.3 percent. There was also a 6 percent rise in industrial productivity over the past year, and French consumers currently enjoy a 12 percent higher purchasing advantage over the average European consumer. In some few instances, like the Lorraine steel industry, plant modernization has made such progress that workers were being rehired in 1980.

Assessments of the Barre Plan that focus on current unemployment figures fail to place the plan in the perspective of recent French history. The plan of 1976-1981 is only one (the seventh) of a series that has successfully guided France's modernization since World War II.⁶ The success of the current (and next) plan(s) can perhaps best be seen in the rapid development of France's nuclear energy policy, which is integral to this planning. This policy calls for the reduction of France's dependence on foreign oil from the current 75 percent of energy needs to 45 percent by 1985-1986. The goal to provide 55 percent of all French energy needs by 1985 has been 20 percent completed as of January 1980. With this lessened dependency on foreign oil (and lessened vulnerability to price jumps), the gains of the Barre Plan can be consolidated. The eighth plan, slated for 1981-1986, will oversee the completion of the energy program, concentrate on the favored strategic industries, and supply the stick and carrot of readjustment to France's agriculture. Hence, while Giscard and Barre may be unwise in announcing unrealistic timetables (for which they may have to pay the political price), their adherence to a planning script that has made France more competitive can hardly be judged a failure.

FOREIGN POLICY

France's foreign relations under Giscard reflect both practical interests and traditional themes: long-range realism with regard to European integration; the pursuit of Gallic grandeur and independence vis-à-vis the superpowers (especially the Western allies) and the Middle East; and, in Africa, the furthering of French interests in territories once favored by the French *mission civilisatrice*.

More than either of his predecessors, Giscard has committed himself to being a good European. His support for the European Community (EC) led him to play a leading role in the 1979 establishment of the

⁴Paul Lewis, "France Aims for Tomorrow's Markets," *The New York Times International Economic Survey*, February 8, 1981, p. 31.

⁵*Europe*, no. 218 (March-April, 1980), p. 42; Frank L. Wilson, "The Revitalization of French Parties," *Comparative Political Studies*, vol. 12, no. 1 (April, 1979), pp. 82-103.

⁶*Economist*, February 23, 1980, p. 75.

European Monetary System (EMS) and the European Currency Unit (ECU), which have allowed France (and Europe) to weather international financial fluctuations, including periodic OPEC (Organization of Petroleum Exporting Countries) price hikes, without total dependence on the American dollar. Giscard campaigned effectively for the new (1979) European Parliamentary Assembly, which is elected by universal suffrage and whose first President, Simone Weil, is a close ally and was Minister of Health under Giscard.

But the French President, who can sympathize with the anti-European fears of the Gaullists, often appears uncooperative toward the fuller integration of Europe. In May, 1980, he reacted to Britain's requests for a reduction in EC contributions by proposing a "second tier" community membership for Britain. He has suggested delaying the inclusion of Spain and Portugal, whose agricultural products will compete with those of French farmers, and he opposes West Germany's plans to reduce the community's subsidization (70 percent of the budget) of agriculture, which primarily benefits France.⁷

But it is when Giscard steps into the larger global arena that France's policies seem in part dictated by a *politique de panache*—of dash and grandeur—which asserts clearly that France is a great diplomatic and military power. France's leadership role is evident in the French claim that the policy of détente pursued by the superpowers is a French invention initiated by de Gaulle in 1965. This kind of claim can at times make France a difficult partner in the Atlantic Alliance. Nevertheless, while standing by its 1966 withdrawal from NATO (North Atlantic Treaty Organization), France still participates in NATO planning and training exercises and possesses the largest and most diversified military capability of the European members. Armed with this preeminence, French leaders never fail to remind the United States that "the Atlantic Alliance is an alliance of free peoples . . . not . . . an alliance of a protector and its protected."⁸

Regardless of area, France has insisted on pursuing an independent policy, which is often at odds with her allies. This was seen in the French responses to the Soviet invasion of Afghanistan. After initial condemnations, France refused to participate in a February,

1980, meeting of allied foreign ministers, ignored the American appeal for a boycott of the Olympics, and refused to impose economic sanctions on the Soviet Union. Instead, Giscard traveled to Warsaw in May for a private meeting with Soviet President Leonid Brezhnev. In reply to the criticism stirred by this seeming inconsistency, French leaders argued that France was merely assuming the responsibility for opening a dialogue that would lead to a diplomatic rather than military solution. Foreign Minister Jean François-Poncet issued assurances that "the French point of view was explained [to the Soviets] in no uncertain terms and without ambiguity."⁹ For any who might question the propriety of France's go-it-alone policy, he added that France "holds talks with whomever it wants, when it wants [and] . . . does not need permission from anyone for this."¹⁰

With regard to virtually every international trouble spot, French policy has been predictable only in its unpredictability. Its policymakers have argued that France, unlike the allies, has "special relationships," sometimes historical, oftentimes economic, which require unique diplomatic approaches. They also argue that a great strength of the Western alliance is the alliance's diversity and that French initiative has kept the alliance from becoming too rigid.

THE MIDDLE EAST

In dealing with the Middle East, France's statesmen insist that France is fully committed to the security of Israel but that any lasting peace in this area requires open discussions with the Palestinian Liberation Organization (PLO). The fact that France has maintained open lines with the PLO and the Arab states is cited as the best assurance for the ongoing dialogue which, pending a comprehensive peace, is the best guarantor of Israel's borders. This allegedly "even-handed" policy, which rarely mentioned France's need for oil imports, has often strained the credibility of the allies and the Israelis.

A case in point is the debate over France's sale of nuclear energy and research facilities to Iraq, negotiated in 1976, and now in the process of delivery. This step has brought charges that, in order to secure Iraqi oil (France purchased \$3-billion worth in 1979), France is contributing dangerously to nuclear proliferation. Reacting to these charges, François-Poncet

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⁷*Economist*, February 16, 1980, pp. 15-16; *Europe*, no. 222 (November-December, 1980), pp. 8-10.

⁸Address to the French National Assembly, April 16, 1980, *French Embassy, Press and Information Division*, 80/41, p. 4.

⁹Address to the French National Assembly, May 21, 1980, *French Embassy, Press and Information Division*, 80/45, p. 4.

¹⁰*Ibid.* See also Walter Laqueur, "Defeatist France," *Harpers*, vol. 260 (June, 1980), pp. 14-16, in which France's policies toward the Soviet Union and the Middle East are seen as excessively conciliatory.

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"The last army pennant flying over the polity of a West European country was run down the flagstaff on January 3, 1980. At a simple ceremony in Lisbon, the first Portuguese government with an effective majority in Parliament in the twentieth century was sworn into office."

The Portuguese Labyrinth

BY ANTHONY TRAWICK BOUSCAREN

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IT was December 4, 1980, and Portuguese Prime Minister Francisco Sa Carneiro was concerned about the public opinion polls that showed that his presidential candidate, General Antonio Soares Carneiro (an editor's nightmare, because his name is a composite of those of the Prime Minister and the Socialist opposition leader) was well behind President Antonio Ramalho Eanes in the election scheduled three days hence. Sa Carneiro had pledged that if Eanes were reelected, he would resign. The Prime Minister conferred with his friend, the brilliant and popular Defense Minister Amaro da Costa, and they decided to fly to Oporto that evening, to address a rally in that conservative city on behalf of their presidential candidate. An aide made reservations on a commercial flight but the Defense Minister talked his boss into flying instead on a leased Cessna twin-engine plane, which would get to Oporto 20 minutes earlier.

When they arrived at Portela Airport, however, the Cessna had mechanical problems. The plane finally took off at 6:06 p.m., but one engine cut off at 200 feet, and the plane crashed into a row of houses at the end of the runway. All aboard were killed.¹

President Eanes was easily reelected on December 7, and the expected confrontation with the ruling Democratic Alliance (Sa Carneiro's Social Democrats and Freitas do Amaral's more conservative Center Democrats, plus the small monarchist party) did not materialize. The Social Democrats chose Pinto Balsemao, a 42 year-old journalist (editor of the weekly magazine *Expresso* and lawyer with a particular interest in foreign affairs) to succeed Sa Carneiro as party leader. Balsemao had joined with Sa Carneiro and Joaquim Magalhaes Mota in 1974 to create the Popular Democrat party, the centrist group that later changed its name to the Social Democrat party. This choice did not sit well with do Amaral, who said he would not serve in the government if Eanes were reelected.

The President invited Balsemao, the new leader of the majority Democratic Alliance, to form a government. With a majority of 18 in the 250-seat Par-

liament, the new Cabinet was sworn in on January 9. Balsemao pledged to govern for four years and to "liberate civil society" from the Marxist legacy of the bloodless 1974 revolution. President Eanes, who had previously been partial to Socialist leader Mario Soares, pledged to give his "institutional solidarity" and "democratic confidence" to the country's thirteenth government since the revolution.²

Although somewhat more liberal than his predecessor, Balsemao will follow through on Sa Carneiro's determination to revise the socialist constitution adopted in 1976 under a leftist government; he will also replace the originally leftist Council of the Revolution, which vetoed a Democratic Alliance bill May 27, 1980, denationalizing banks and insurance companies as part of an effort to enlarge the private sector and spur economic growth. The Council of the Revolution was purged of pro-Communist elements in November, 1975, following the failure of a leftist coup. But it remains basically Marxist, inspired by Major Melo Antunes, who, together with Mario Soares and General Eanes, ousted the far left government of General Vasco Goncalves in August, 1975. Antunes wants the non-Communist left to see to it that the conservatives do not undo the "gains" of the 1974 revolution. It remains to be seen what the majority Democratic Alliance can do to continue to move Portugal to the right, in the face of opposition from the Communists, the Socialists, the remnants of the leftist Armed Forces Movement (MFA) and the Council of the Revolution, in addition to the lukewarm attitude of President Eanes.

The leftward slide of the Portuguese revolution was arrested on August 29, 1975, when chameleon-like President Francisco da Costa Gomes was forced to fire Prime Minister Vasco Goncalves, who, working with the Communists and their allies, had already taken over the Socialist newspaper *Republica* together with *Rinascença*, the Catholic radio station, and was moving the country ever leftward. Admiral Jose Baptista Pinheiro de Azevedo was appointed Prime Minister, reflecting the alarm of Socialist leader Soares, MFA moderates like Antunes, and conservative Catholic leaders. But the new government was confronted by Communist strikes and demonstrations, culminating

¹*Jornal Novo* (Lisbon), December 5, 1980.

²*The New York Times*, January 10, 1981.

in the attempted leftist coup of November 25-26, 1975.

The coup was defeated, General de Carvalho Otelo, head of the Operational Command for the Continent (COPCON) and self-styled "Castro of Portugal," was fired, and so was Army Chief of Staff General Carlos Fabiao. Fabiao was replaced by the then Colonel Eanes, leader of a moderate to conservative group of officers called the United Military Front (FMU), which was determined to depoliticize the armed forces and save Portugal from the leftist power grab.³ But from the start, Eanes was personally close to Soares and the Socialists and opposed conservatives who wanted to outlaw the Communist party. Sa Carneiro, leader of the Popular Democrats (later the Social Democrats), disagreed sharply with Eanes and Soares on the role of the Communists in a democratic society, especially after they had just tried to overthrow that society (although Communist leader Alvaro Cunhal denied that the Communists were involved).

Socialist leader Soares saw to it that the new constitution would be socialistic, with support from Antunes and others, including the Communists. With Communist support, the left-wing provisions of the constitution were passed by the end of March, 1976. The Popular Democrats accepted the document reluctantly. Only the Center Democrats (the really conservative democrats) were opposed.

Article 1 states: "Portugal is a sovereign republic based on the dignity of the human being and on the will of the people entrusted with its transformation into a society without classes." Article 2 commits the country to "assuring the transition to socialism through the creation of conditions for the democratic exercise of power by the working classes." And Article 10 insists on "the collectivization of the main means of production." The constitution is clearly intended to limit the freedom of action of any non-Socialist government.

Having won his way on the constitution with Communist support, Soares decided that he must reestablish his image as an anti-Communist and announced that he would not include any Communists in the Cabinet. At the same time, to avoid antagonizing the left wing of his party he declared that he would not include either of the two "bourgeois parties" either. Thus Soares doomed Portugal to a minority rule government, which was to prove his undoing.

THE 1976 ELECTIONS

The April, 1976, election produced a modest decline for the Socialists (38 percent to 35 percent of the popular vote a year earlier), Popular Democrats (27 to

24 percent) and Communists (18 to 14 percent). The Center Democrats (conservatives) gained (from 7 to 16 percent). Antunes declared that the election proved that stability would be impossible without the participation of the armed forces and called for a coalition of Socialists and Communist and non-Communist leftist officers (including himself). But Soares indicated that the Socialists would go it alone.

Next came the presidential election. After much jockeying, during which time Antunes and Soares originally favored Pinheiro de Azevedo for the job and the Popular Democrats and Center Democrats favoring Eanes, Soares ended up in Eanes's corner and talked the reluctant general into running. With the backing of the three major parties, Eanes won 61 percent of the vote, to 16 percent for Otelo, 14 percent for Pinheiro, and 7 percent for the Communist Octavio Pato. The winning candidate told reporters: "We must eliminate a climate of anarchy, which can only lead to misery and dictatorship . . . any attempts to create parallel powers rooted in activities of an insurrectional character will not be tolerated."⁴

A discarded and dejected Costa Gomes watched his successor take office. The pendulum swung from right to left and now back to center. Eanes's first act was to appoint Soares Prime Minister. The new Cabinet consisted of eleven Socialists, three independents and two officers. Portuguese democracy was born, 27 months after the April, 1974, revolution that upended the Caetano regime. Its hopes rested with its own elected President and Prime Minister, Eanes and Soares.

THE ECONOMY

The Portuguese economy was a shambles. Collectivization of agriculture and the nationalization of industry under Goncalves were disasters. Productivity was down and inflation was rampant. Political appointees were running industries about which they knew little. Investment was hard to come by in the disturbed political atmosphere. And a million refugees (*retornados* from Africa) complicated an already difficult situation: where could Portugal find housing and jobs for these unfortunates, who rightly believed that the government in Lisbon was the cause of their being uprooted?

Agriculture Minister Lopes Cardoso, a left-wing Socialist, believed in the expropriation of all agricultural land in Portugal. His ministry became an open well of money for regional institutes of agrarian reform, many of them controlled by the Communists. Confronted by angry farmers demanding their land back, especially in the north, Soares fired Cardoso in November, appointing in his place Antonio Barreto, who proceeded gradually to return land expropriated under unjustifiable circumstances to the owners. He also moved quickly to control the flow of credit

³See Robert Harvey, *Portugal: Birth of a Democracy* (St. Martin's Press, 1978), pp. 96-98.

⁴*The Economist* (London), April 1-7, 1976.

pouring into the Communist-dominated agricultural cooperatives.

Soares also proposed a law giving guarantees that no more private industry could be nationalized, but he moved slowly on compensation for the former owners of industries already nationalized. Despite the gradual stabilization of economic policy, the revival of private investment was slow, due to uncertainty about the program of a Socialist government. Portugal desperately needed foreign funds to tide it over during the period of political and economic readjustment. The United States finally granted \$300 million in credits in February, 1977, and the United States and West Germany put together an additional \$700 million in June. These infusions helped to restore the sagging balance of payments situation, but by no means solved the basic problem, which was low productivity in the public sector and lack of investment in a socialized economy. Portugal's social and economic problems had caught up with the politicians. The fate of both Prime Minister Soares and President Eanes would be decided not by the subtlety of party or army political maneuvering, but rather by the government's ability to navigate through Portugal's economic and social maelstrom.

THE REFUGEES

The problem of the refugees was tragic. Goncalves and the MFA had pulled the rug out from under them and the new Marxist regimes in Angola and Mozambique would have none of them. Most arrived by daily airlift from Luanda, the capital of Angola. They could bring few possessions with them, and their Angolan currency was not good in Portugal. They were angry with the politicians who had sold them out, and most of them drifted into right-wing politics. Few jobs were available; they lived for the most part in shacks made of old crates or corrugated iron. Pinheiro de Azevedo's government subsequently established the Institute for Aid to National Refugees, IARN, which tried to assist the uprooted with housing, medical help, clothing and education. Refugees were paid \$26 a month per single person, \$52 for married couples, and \$6 monthly per child. Some hotels were commandeered to house the *retornados*. Social problems, including crime, soon developed.

Colorful General Galvao de Melo emerged as the champion of the *retornados*. An independent Center Democrat deputy, he pestered the government with awkward questions about Portuguese political prisoners in Angola and Mozambique and questions about previous governments' commitments to Marxist "liberation" groups. He denounced Admiral Rosa

Coutinho and Vasco Goncalves for their roles.⁵ President Eanes admonished him for his "demagoguery," and in April, 1977, Freitas do Amaral expelled him from the Center Democrat party because of his allegations that the Center Democrats were flirting with the Socialists.

The refugee problem became worse in March, 1977, when Marxist dictator Samora Machel in Mozambique expelled all those holding Portuguese passports. The Lisbon government, anxious to discourage emigration from the former colonies, decided to cut off welfare payments. But the refugees kept pouring in; and finally, in May, the government agreed to give the new refugees the same benefits as those from Angola. The Mozambican refugees were as anti-Communist and politically active as those from Angola. An exiled black Mozambican, Domingos Arouca, set up the United Democratic Front of Mozambique (FUMO) in Lisbon, which recruited soldiers from the exile community to return and overthrow Marxist dictator Machel. Like the Angolan refugee leadership, he looked to General Galvao de Melo to support his program.

The *retornados* contributed to the chronic unemployment problem that has plagued Portugal since the 1974 revolution. The resulting decline in productivity (strikes and political activity by union members) and inflation created a serious problem. Gold reserves, carefully built up during the conservative years of Salazar and Caetano, were spent to pay for the imbalance in international payments.

In the first six months of the Soares government, the Communists, while suffering setbacks in Portugal, won far more important victories in the African colonies. Neto's MPLA (Angolan Popular Liberation Movement) won out in Angola, as a result of the policies of the previous Goncalves regime, the Soviet air and sea lifts to its friends, and the refusal of the American Congress to provide aid to UNITA (National Union for Total Angolan Independence) and FNLA (Angolan National Liberation Front). This in turn led to the Soviet and Communist-supported attacks on Rhodesia and South-West Africa (Namibia).

ENTER FREITAS DO AMARAL

The two moderate and conservative parties, the Popular Democrats of Sa Carneiro (which changed its name to Social Democrats in October, 1976) and the Center Democrats of Freitas do Amaral, were afraid of too serious a challenge to the Soares government because they thought this might mean the return of the MFA and the Communists. Curiously, the more conservative Center Democrats showed the most restraint, mostly because of the more sophisticated politics of Freitas do Amaral. The latter expelled the popular General Galvao de Melo from the party

⁵"Red" Admiral Coutinho carried out Prime Minister Goncalves' orders to hand power over to the Soviet-supported MPLA group in Angola.

because the general was too critical of the Socialist government and Soares.

When Sa Carneiro became more bitter in his attack on the government (and Soares refused to allow the new Social Democrats into the government), Freitas do Amaral seized his opportunity; recognizing President Eanes's ties with Soares and the Socialists, he persuaded his party to stick with the Socialists in the interests of saving democracy in Portugal. "Democracy is too fragile," he told British correspondent Robert Harvey, "to bring down a government after only six months in office." This elicited admiration from President Eanes and some disquiet in his own party. After Amaral fired General Galvao de Melo in April, 1977, he was named chairman of the powerful administrative reform commission by Eanes.

This act did not please Soares, who believed that Eanes was trying to create a coalition government or a surrogate Prime Minister via the back door. The Socialist government was not doing enough to cut government spending, to undo the damage of nationalization and collectivization, or to encourage investment. The balance of payments continued to be negative. The American-sponsored \$700-million loan from the International Monetary Fund was only a palliative.

Meanwhile, Colonels Soares Carneiro and Jaime Neves, close to the President, tried in vain to talk him into broadening the government to include one of the two moderate parties. The appointment of Freitas do Amaral to the administrative reform post temporarily satisfied them.

The government's refusal to share power, plus the deepening economic crisis, led to a showdown on December 8, 1977. Soares asked for a vote of confidence and was defeated 159 to 100. He had ruled Portugal for 500 days. Since nobody else was able to put together a government based on a parliamentary majority, President Eanes asked Soares to try again. Soares knew that to bring the Communists into the government would alienate the conservative north and scare off needed Western capital. But he would have nothing to do with either the Center Democrats or the Social Democrats, both of whom he characterized as "parties of the extreme right." Finally, a month later, as a result of his grudging admiration for Freitas do Amaral, he decided to include three Center Democrats in a new government. The new coalition had a parliamentary majority of 23.

It was an odd coupling. Only three years before, Soares had touted his own party as the "farthest left of any Socialist party in Europe." At the same time, leftists were castigating the Center Democrats as "reactionary and a refuge for capitalists and former fascists." Both parties have since moved closer to the

center. Center Democrat's leader Diogo Freitas do Amaral pointed out that similar alliances have worked in other countries in periods of crisis. "We can get together for a limited time to solve concrete problems," he said. "Neither party has had to renounce anything."⁶

The Center Democrats were given three ministries, including foreign affairs; there were two independents and ten Socialists. But this government did not last long. The Center Democrats complained that the Socialist Minister of Agriculture, Luis Saias, a former Communist, failed to restore to its original owners lands seized by leftists during the turbulent 1974 revolution. The Centrists also wanted sweeping modifications in a proposed national program of socialized medicine. The Center Democrats had been increasingly criticized by conservative-minded Sa Carneiro, who was restored to leadership of the Social Democrats. Meanwhile Socialist Prime Minister Soares, while accepting the Center Democrats' votes in the Assembly, largely ignored them while making policy. The end came on July 27, 1978, when Soares, defeated on a confidence bid, was forced to resign.

Three interim governments followed before stability and civilian government was assured by the victory of the Democratic Alliance in December, 1979.

THE 1979 ELECTIONS

When President (General) Ramalho Eanes called for elections in July, 1979, the center-right parties decided to close ranks and save the nation from "Marxist domination." Although the Socialists, led by Mario Soares, had played an important role in belatedly blocking the attempted Communist takeover in November, 1975, the Soares government (July, 1976) failed to deal with the damage done to the country by the Communist-dominated government of Colonel Vasco dos Santos Goncalves or with the economic and refugee problems brought on by the 1974 revolution.

The center-right parties consisted of the Social Democrats (formerly Popular Democrats), once the Liberal party of Portugal, led by pragmatic conservative Francisco Sa Carneiro who had joined together with his personal enemy Mario Soares to block a Communist takeover, the more conservative Center Democrats led by Diogo Freitas do Amaral, and a

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⁶*Diario de Noticias* (Lisbon), January 8, 1978.

"As long as the PCI [Communist party] is excluded from the government, labor's cooperation in the restructuring [of the economy] will be questionable. But a Socialist premiership might signal the beginning of the end of the Christian Democracy's 33 years of virtual monopoly over the state apparatus and a break with the 'immobilisme' characteristic of Italian politics."

Italy: Crisis as Routine

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IN politics, in the economy, in social life, and now even in sports (star soccer players are under indictment for throwing games), the signs of crisis in Italy seem to multiply week by week. It is difficult to say with any certainty that the crisis or crises have reached a turning point. Yet there are indications that, indeed, some resolution must soon be reached.

With the fall of the Giulio Andreotti government of "national solidarity" in January, 1979, it was clear that a major political realignment would have to take place. Since July, 1976, Andreotti's Christian Democratic (DC) governments had relied on the abstention or direct support of the Italian Communist party (PCI) to pass legislative programs in Parliament. The decision of the PCI to withdraw its support from the government and launch a phase of "tough" opposition was motivated in part by the Christian Democrats' unyielding position on the question of Cabinet posts for the PCI, in part by the increasing dissatisfaction among PCI militants with the restraints on working-class militancy imposed by the coalition with the government. The decision signaled that the time had come to conjure up a new government formula. Given the numerical and political impossibility of a center-right government, the only option was some kind of center-left government that included the Italian Socialist party (PSI) but excluded the Communists.

The Socialists, however, had been scorched by nine years of coalition government with the DC, from 1963 to 1972. As a result of their unfulfilled promise of reform and a vulnerability to scandal (only slightly surpassed by their coalition partners), the Socialists saw their share of the vote in elections to the Chamber of Deputies decline by 30 percent, to a mere 9.6 percent of the total. Hence, since 1976 the Socialists had been insisting that they would enter the government only if it included the Communists, for only in that way would the PSI's left flank be protected from the freewheeling opposition of the PCI, which had hammered away at the Socialists during their years of partnership with the Christian Democrats. Once the

Communists withdrew from the coalition, then, the question became: under what terms would the Socialists reenter the government fold? Indeed, the "Socialist question" replaced the "Communist question" in Italian political discourse over the past 18 months.

The parliamentary elections of June, 1979, saw the PCI decline 4 percent from its previous record high of 34.4 percent registered in 1976, but otherwise the shifts were so small as to have no significant effect on the arithmetic of parliamentary majorities. In July, the importance of the PSI was given symbolic expression when the President of the Republic, Sandro Pertini (himself a Socialist), asked the secretary of the PSI, Bettino Craxi, to attempt to form a government. Although Craxi had to abandon the effort because of resistance in DC circles, the point had been made. For the first time in Italian history, a leader of the Socialist left had been offered the chance to become the country's Prime Minister; Craxi was to insist thereafter that the question of a Socialist premiership was now squarely on the agenda of Italian politics. The terms of a new "opening to the left" were becoming clearer: the premiership in the hands of the PSI would enable the party to avoid the kind of subordination to the Christian Democrats that had weakened the party in past coalition governments. The political events of recent months can be "read" as a series of maneuvers to realize the Socialist project.

In August, 1979, a new government was formed, bringing a provisional end to the government crisis that had dragged on for six months. Francesco Cossiga, who had resigned as Minister of the Interior at the time of former Prime Minister Aldo Moro's kidnapping and murder, headed a coalition government of Christian Democrats, Social Democrats (PSDI), and Liberals (PLI). For the passage of legislation, however, this government relied on the abstention in Parliament of the Socialists, who made it clear that this arrangement was only an interim solution. While a more definitive arrangement was postponed until the national congress of the Christian Democrats

in early 1980, Craxi did not miss the opportunity to establish his credentials with Washington. That fall, his party dutifully voted for the deployment of cruise and Pershing missiles at North Atlantic Treaty Organization (NATO) bases, unlike the Communists, who joined forces with many European Social Democratic parties to oppose this acceleration of the arms race.

The February, 1980, congress of the DC saw a significant shift in power away from party secretary Benigno Zaccagnini and former Prime Minister Giulio Andreotti. A position statement emphasizing the absence of any fundamental barriers to the PCI's entry into the government and calling for renewed negotiations on this issue (the Zaccagnini-Andreotti position) received only 42 percent of the delegates' votes; whereas a statement rejecting as a matter of principle any Communist participation in the government won 58 percent of the vote. The strength of the anti-Communist forces in the DC was reconfirmed in early March with the election of the party's new secretary, Flaminio Piccoli, whose "centrist" faction joined forces with the right to forge a majority.

It came as no surprise that Craxi and the PSI seized on this DC disagreement vis-à-vis the Communists as an excuse to topple the Cossiga government. What was surprising were the speed with which a new government was formed (after only two weeks of "crisis" the second Cossiga government was sworn in on April 4) and the ease with which Craxi's PSI was able to shift from criticizing the government for not being open to the Communists to participating in a government that excluded them. Craxi was able to execute this maneuver because of his success in handling the left wing of his own party. He argued, on the one hand, that the PSI's presence in the government would serve as a bridge to bringing the PCI into the fold. On the other hand, by convincing the DC to eliminate from the government the more vociferously anti-Communist PSDI and PLI and to include the Republicans (PRI), he could argue that the coalition then encompassed a party like the PRI which in the past had favored a grand coalition with the Communists.

Recent political developments were put to an electoral test in the June 8-9 municipal, provincial and regional elections, which brought virtually the entire Italian electorate to the polls. While these elections are generally fought out on local issues, the PCI's return to the opposition and the PSI's reentry into the government made it natural that the elections would

be "politicized" and converted into a referendum on the Cossiga government.

The PSI's campaign reflected the new image that Craxi has been trying to create for his party. Emphasizing the party's commitment to the "governability of the country," the PSI sought to appeal to that 12-15 percent of the electorate comprised of fluctuating "opinion voters"—i.e., voters who shift their votes according to the positions adopted by the parties on specific issues. This segment of the electorate is composed predominantly of white collar workers, technicians, professionals and managers, and the PSI's strongly pro-NATO stance, its support of a variant of neo-liberal economics, and its general commitment to stability were likely to be well-received in this quarter. Furthermore, the fact that the Radical party (with a civil-libertarian orientation also pegged to "opinion voters") chose not to run any candidates meant that the PSI was in a good position to fill the breach—especially given the PSI's endorsement of the pro-abortion and anti-nuclear referenda sponsored by the Radicals.

ELECTION RESULTS

The results of the elections showed Craxi's PSI to be the only clear winner. The Socialists' average of 13.4 percent of the vote at the three levels represented a gain both with respect to the 1979 parliamentary elections (up 3.5 percent on the average) and with respect to their showing in the 1975 local elections (up 0.7 percent on the average). The Socialists also arrested the gradual "southernization" of the party, which had been in course since 1968, and re-established themselves as a party with a solid northern base (one of the high points: Milan, with 19.6 percent of the vote).

The performance of the two largest parties was more ambiguous. The PCI continued to lose ground, particularly in comparison with the record highs registered in the 1975 local elections (down on the average 1.8 percent, to 30.9 percent of the total). Although the Communists also lost ground compared to the 1979 parliamentary elections (down 0.4 percent), the minuscule proportions of the decline may have indicated that the slide had been halted at about 30-31 percent of the vote.

More important, the six "red" regional governments based on a PCI-PSI coalition (Lazio, Umbria, Liguria, Tuscany, Emilia-Romagna and Piedmont) were all reconfirmed by the voters, with the exception of Liguria, which switched to a coalition of small center-left lay parties. Communist mayors were all returned to office in major Italian cities: Turin, Florence, Bologna, and even Naples, where the gains posted by the neofascist party (MSI) came at the expense of the DC. The party suffered its greatest losses in the south¹ (more than 3 percent compared to

¹See a recent essay by Arturo Parisi and Gianfranco Pasquino, "Changes in Italian Electoral Behaviour," in *Italy in Transition* (London: Frank Cass, 1980). The authors distinguish between the "vote of *appartenenza*" (identification with a political subculture) and "exchange" voting (clientelistic allegiance) and "opinion" voting.

1975), where its previous leap forward had been inspired by expectations and promises of change not readily realizable in the short term.

The DC's results were, in a sense, just the reverse. The Christian Democrats lost ground in comparison to 1979 (down 1.6 percent on the average), but gained compared to their poor showing in 1975 (up 1.3 percent on the average). The party showed renewed strength particularly in the south (up 3.2 percent compared to 1975), while it barely recovered any of its lost ground in major northern and central urban concentrations (up 0.2 percent, taking the average of Milan, Turin, Florence, Bologna, Venice and Genoa). This latter development reflected in part a trend which had been set in motion with the referendum on divorce in 1974, i.e., the gradual abandonment of the DC by the urban bourgeoisie in favor of the PSI and, to a lesser degree, the PRI and PLI. For example, such strongholds of the Italian bourgeoisie as Rome's Parioli neighborhood and Turin's "hill" saw a DC decline of 10 percent and 6 percent, respectively.

Another trend in the June elections was the increasing incidence of voter abstention (11.5 percent) and ballot voiding (6 percent). Both phenomena represent a certain disaffection with the party system as an institution that should serve to mediate the claims of civil society in relation to the state. The primary beneficiary of this discontent has been the Radical party (PR), an "anti-party party" that has tried to bypass Parliament by sponsoring referenda on a great variety of subjects: the abolition of life imprisonment, the abolition of hunting, the prohibition of nuclear power stations, the rescinding of all laws regulating abortion, the repeal of "anti-terrorist stop-and-frisk laws," et al.

Although the results of the elections left the government intact, it was under attack from another direction. The confession of a "repentant" terrorist revealed that the son of Carlo Donat Cattin, vice-secretary of the DC and frequent government minister, was a member of a terrorist group. The confessed terrorist further alleged that Prime Minister Francesco Cossiga had alerted the father to the fact that his son was being sought by the police and that this warning aided the son's flight to France.

The opposition raised the question in Parliament as to whether there were grounds for conducting the equivalent of an impeachment investigation into Cossiga's complicity. A secret ballot was taken in late July on the question of whether to close the case or to send it to a special commission of inquiry. The expectation was that the voting would follow strictly the line between government and opposition parties (for purposes of the vote the PSDI and the PLI announced they would side with the government). The results

showed, however, that more than 50 deputies formally aligned with the government had voted against Cossiga, so that even though the motion to shelve the matter indefinitely carried, the days of the Cossiga government were numbered. The government's moral resources had been exhausted.

The opportunity to topple Cossiga came in September, when the government submitted a package of anti-crisis economic measures to a secret ballot and a vote of confidence. The measure failed by one vote (probably due to the defection of the Socialists' left wing), and Cossiga submitted his resignation on September 28. Pertini exercised his presidential prerogative not to extend Cossiga the chance to form another Cabinet (a common courtesy), and instead gave the charge to Arnaldo Forlani, president of the DC, who had criticized his own party the previous July for giving such short shrift to the idea of a Socialist premiership. After three days of consultation, Forlani was able to form a new government similar in all respects to the Cossiga government except that it included the Social Democrats.

In less than two months, however, this government, too, was under attack. The earthquake of November 23 devastated a mountainous region southeast of Naples; more than 2,500 were killed, more than 4,000 were injured, more than 45,000 were left homeless. While cold weather and snow impeded relief efforts, in many cases journalists were on the scene faster than the authorities. The Ministry of the Interior and the prefects, its outposts in the provinces, generally failed to take any action during the 48 hours immediately following the quake. Even after the army's relief units arrived, their efforts were plagued by lack of organization and coordination as well as by the black-marketeering of supplies under the aegis of the Neapolitan *camorra* or of individual government officials turned "entrepreneur." The spectacle prompted President Pertini to issue an unusual denunciation of the Forlani government, leading to the temporary resignation of Minister of the Interior Virginio Rognoni.

Rognoni was the fifth "notable" of the DC brought down within a year by scandal and/or malfeasance: Donat Cattin and Cossiga (complicity in the flight of the terrorist Marco Donat Cattin), Toni Bisaglia, Minister of Industry (involved in kickbacks related to Saudi petrol contracts), and Franco Evangelisti, Minister of the Merchant Marine (involved in the Italcasse scandal—the granting of unguaranteed loans by Italy's savings and loan institutions in exchange for kickbacks to DC coffers). The signs of the DC's *malgoverno* were so pronounced that the authoritative *Corriere della sera* called upon the Christian Democracy to "renew itself or pass from the scene" (*rinnovarsi o tramontare*). No wonder that the party secretary remarked that his party was "under a state of siege."²

²*Panorama* (Rome), December 15, 1980, pp. 65-68.

Things were also stirring in the camp of the PCI. After announcing in 1979 that their opposition would be "hard" or "soft" according to the composition and proposals of the government, the Communists have moved progressively away from the strategy based on an "historic compromise" with the DC. In September, 1980, Enrico Berlinguer, the party's secretary, delivered a speech at the gates of the FIAT factory in Turin, in which he declared that the PCI was willing to support such militant action as an occupation of the factory by the workers in the struggle against FIAT (see below). His rhetoric contrasted sharply with the party's measured tones during the days of its collaboration with DC, and it was followed by a vitriolic attack on the DC's moral authority and its capacity to lead the nation. On November 27 the Communist leadership reformulated the terms of a government coalition it was prepared to support. Instead of asking for a government of "national solidarity," the party called for a government of "democratic solidarity."

The implications of this change are still being debated, but it appears to signal several new developments. First, the PCI no longer considers the DC as its primary and privileged interlocutor. Second, although Berlinguer has not ruled out the possibility of joining a government coalition including the DC,³ the PCI will no longer tolerate a subordinate status; this suggests that the PCI will insist that the premiership of such a hypothetical government not be in the hands of the DC. Third, the PCI appears prepared to entertain for the first time since the theorization of the "historic compromise" the idea of a "common program" of the left—a union of the left (primarily the PCI and PSI) as an alternative to the rule of the DC.

At the same time, the PCI has moved to increase its distance from Moscow. In a series of meetings with other West European Socialist and Social Democratic leaders, Berlinguer has sought to enlarge his party's room to maneuver and to establish its credentials as a party independent of the so-called "world Communist movement." In the fall of 1979 he met with Spanish Prime Minister Adolfo Suárez González and Portuguese Prime Minister Mário Soares, to the dismay of Santiago Carrillo and Alvaro Cunhal. In March, 1980, he met with François Mitterand in France and West German Social Democrat Willy Brandt, to the dismay of Georges Marchais and Erich Honecker.* Finally, in April, Berlinguer met with Chinese Communist party Chairman Hua Guofeng, to the dismay of Soviet President Leonid Brezhnev. As further testimony to their autonomy, the Communists joined in supporting a resolution of the Italian Parliament

condemning the Soviet involvement in Afghanistan in the name of Afghanistan's right to "complete independence and sovereignty."

TERRORISM

The first seven months of 1980 witnessed a major antiterrorist campaign by the Italian state. On February 1, the Parliament passed a controversial antiterrorist law. It empowered the judiciary to authorize the detention of an accused terrorist for up to 12 years without bringing him to trial (the previous limit had been 4 years) and gave the police the power to search homes without a warrant, to use wiretaps virtually without restriction, and to hold a suspect for 24 hours without having to inform the judiciary or the suspect's family. Although it raised serious questions about the direction of Italy's "constitutional state," the law was supported by almost all parties (only the Radicals and the parties to the left of the PCI opposed it), on the grounds that Italy is at war with terrorists.

Whether thanks to the new law or not, the Italian police claimed to have more than 500 terrorist suspects in prison as of March, including 23 implicated in the killing of Aldo Moro. Another wave of arrests followed in April, in the wake of the revelations of the "repentant" terrorist Patrizio Peci, who had been captured as a result of the successful infiltration of the Red Brigades by a special antiterrorist unit. The organization's "impenetrability" had ended, and one magazine was prompted to entitle its lead article on terrorism "The Last Round" (*Panorama*, June 2, 1980). Indeed, after April there was a lull in terrorism—certainly compared to the previous three months, which had seen 25 assassinations, including the murder of four high-ranking magistrates in March (prompting judges to strike over their lack of police protection).

But on August 2 in Bologna, a bomb went off in the waiting room of the train station, filled with people about to begin their August holidays. Eighty-five people were killed and more than 200 were injured. The method employed (a bomb placed in a public area) and the date suggested a return of right-wing mass terrorism after a six-year lull. The explosion coincided with the sixth anniversary of the fascist bombing of the train "Italicus," which killed "only" nine people because the bomb exploded prematurely before reaching the Bologna station. Bologna reacted

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*Santiago Carrillo is Spain's Communist party leader; Alvaro Cunhal is Portugal's Communist party leader; George Marchais is France's Communist party leader; and Erich Honecker is East Germany's chief of state.

³Berlinguer's remarks in *L'Unità*, December 7, 1980.

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"The aborted putsch may, in fact, aid politicians of all persuasions who cherish democracy to seek a consensus on the essence of policies that will guide Spain. The spirit of the early transition period, epitomized by the signing of the Moncloa pacts that served the country so well, must be confirmed in order to find common solutions to some of the nation's intractable problems."

Spanish Democracy: The End of the Transition

BY MEIR SERFATY

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THE attempted coup of February 23, 1981, brought to an abrupt end the transition period undergone by Spain since Generalissimo Francisco Franco's death.* This transition encompassed two different stages. The age of change, 1976-1979, was marked by euphoria and goodwill. This spirit guided the Spanish leaders of nearly all political persuasions to take a series of firm and decisive steps in order to replace the old regime with vibrant new democratic institutions and norms. By contrast, the second period of adjustment, which began with the reelection of the Adolfo Suárez government in March, 1979, was characterized by inertia, false starts and a large dose of complacency. Having solved many of the basic structural problems of democracy, Spain's politicians seemed unable to agree on the broad direction that the new system should take.

Suárez, who had previously provided determined leadership, wavered and stumbled under the weight of fatigue and the contradictions that the new regime had brought into sharp focus. Politicians of all stripes bickered, both within and across party lines. The press abetted the fires of discontent by its constant belittling of leaders and their policies.

The accomplishments of the Suárez government to mid-1979 have been covered admirably elsewhere.¹ Accomplishments included the granting of political amnesty, the legalization of trade unions and political parties, including the Communists, the abolition of the National Movement and the disbanding of the Francoist Cortes (Parliament), the agreements reached with opposition parties both to handle the economic crises (through the much celebrated signing

of the "Moncloa pacts"²) and to draft a new constitution, heralded as a model for liberal democracy.

In retrospect, however, this period of transformation contributed both directly and indirectly to the immobilism of the period of adjustment. For one thing, the very vigor and single-mindedness with which fundamental change was carried out precluded any concerted effort to tackle other problems that needed attention: the state of the economy was relegated to a secondary plane in priorities, except for a brief span in 1978. The need to overhaul the organization and personnel of the army and paramilitary groups was not addressed. And the need to complete work on the constitution as quickly as possible led to the adoption of some articles—particularly one dealing with regional devolution—that plagued the government when it decided to implement them.

Most important, perhaps, an idealistic belief persisted that the old tradition of authoritarianism would disappear with the advent of democratic norms and political institutions. Although talk of *involución* (the turning back of the clock to the Francoist era) has been one of the pastimes of Spaniards, few anticipated a coup in the short run.

Politicians may rightly believe that the heated debate that has taken place since late 1979 was a normal and indeed a healthy sign that democracy was working. They may also claim that their lack of consensus was generally on policy-oriented matters, not on fundamental rules. In post-Franco Spain, however, the factors that precipitated the aborted putsch were perceived by its perpetrators as systemic rather than policy-based. Many erstwhile powerful individuals and groups believed that what was wrong with the country was not any one government's shortcomings but the fact that the hierarchical Francoist system had been destroyed. Although all major parties remained loyal to the idea of democracy, the many problems confronting Spain were bound to play on the nostalgic feelings of some Spaniards who remembered the peace, tranquility and economic boom that distinguished Franco's regime during its last two decades. Terrorism, separatism, the nature and development of regionalism, perception of moral

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¹See, among others, John F. Coverdale, *The Political Transformation of Spain After Franco* (New York: Praeger, 1979) and Stanley G. Payne, "Terrorism and Democratic Stability in Spain," *Current History*, November, 1979, and "The Political Transformation of Spain," *Current History*, November, 1977.

²The Moncloa pact is covered well in Coverdale, *op. cit.*, pp. 91-94.

decadence in a formerly puritannical society, serious economic problems arising out of the recession of the post-1973 era—all these combined to give the impression of a quickly disintegrating social and political order. Add to this the declining security, morale and prestige of once powerful individuals and groups in the new system, and one can easily fathom why they would turn their minds to the all too recent memories of a past that was now idealized.

THE POSITION OF THE ARMED FORCES

It is clear at the time of writing this article (late February) that the aborted coup was not an isolated event staged by a Civil Guard colonel who had once before, in November, 1978, conspired to take over the Premier's residence. The relative lack of seriousness with which the earlier conspiracy was treated and the leniency of the penalty meted out to Antonio Tejero Molino (seven months in jail and no loss of rank) is puzzling. It is possible that the events surrounding the conspiracy—talk of sedition in the Madrid café known as Galaxia, the dramatics engaged in by Tejero and his apparent isolation—may have removed credibility from his actions.

Democratic Spain has been uneasy about its armed forces. This has led to inconsistencies both in its treatment of potentially rebellious officers and in the reorganization of the army and police. For example, in April, 1977, a brigadier general and a lieutenant-colonel were both dismissed after circulating an unauthorized letter condemning the government's handling of the legalization of the Communist party.³ On the other hand, a statement leaked to the press in which the Supreme Council of the Army condemned strongly the legalization of the Communist party and which reportedly contained a warning that "it was ready to solve any problems arising from the decision by other means," was officially ignored.⁴ Similarly, when in November, 1978, General Juan Atares, the Civil Guard commander of the Cartagena region, denounced the constitution as supporting "Marxism, abortion and divorce" and referred to Deputy Premier Gutiérrez Mellado as a "freemason and traitor," he was arrested but later reinstated.⁵ General Luis Torres, allegedly implicated in another conspiracy in January, 1980, was reassigned to the military governorship of Corunna, whereas other officers who were involved were arrested and tried.⁶ Later, General Pedro Fontenla, director-general of the Civil Guard,

³*El País* (Madrid), April 21, 1977.

⁴*El Alcázar*, a right-wing Madrid newspaper, contained details on the Army's stance in its issue of April 14, 1977.

⁵*El País*, April 18, 1978.

⁶*El País*, January 25, 1980.

⁷These statements were made in an interview to *La Vanguardia* (Barcelona), April 19, 1980.

⁸Details on the composition and tasks of this commission appeared in *El País*, September 27, 1979.

was removed when he made some comments criticizing the Cortes, which was trying to reorganize his unit.⁷

In close consultation with King Juan Carlos, the Commander-in-Chief of the Armed Forces, the Suárez government had made some efforts to tackle a delicate situation. The King's role was crucial, because he had developed good personal relationships with many younger members of the Army, mostly through his association with them when he was being tutored by Franco. And the Crown, which Franco himself had legitimized, has been a rallying point for many of the more liberal-minded officers.

The government's action took two forms: the re-arrangement of personnel and of the organization. With regard to the former, attempts were made to retire many generals who had served in the Blue Division during World War II. Others were shifted from one command post to another, presumably in the hope that they would not have an opportunity to settle down and consolidate their strength. The vast majority, however, remained ensconced in command of the chiefs-of-staff section and of Spain's nine military regions, with tremendous potential powers of troop coordination and deployment. This was true of General Jaime Milans-Bosch, the apparent power behind the coup, who headed the Valencia region.

The reorganization of the Armed Forces was three-pronged. To begin with, in September, 1979, Suárez's government resolved to rejuvenate the Army by appointing a commission that would make recommendations on ways of professionalizing the officer corps.⁸ In order to curtail the excess of officers in certain ranks, the Defense Department also decided to put a stop to the prevalent system of automatic promotions in favor of promotions on merit.

Second, as part of that commission's recommendations, a bill was passed by the Cortes in 1980 whereby the Civil Guard and the newly reformed National Police (formerly known as the Armed Police) would no longer be identified with the Department of Defense but with the Department of the Interior; neither recruits nor officers of these groups would be drawn from the Army in the future. This was meant to break up the powerful Armed Forces and to ensure that the two sections would operate on different planes: one dealing with internal security, the other, with external defense. The leadership of both the Civil Guard and the National Police were left untouched, however, and they soon became hotbeds of discontent.

Third, for the first time in the Cabinet reorganization that took place after the March, 1979, election, in an effort to professionalize the Army further a civilian, Agustín Rodríguez Sahagún, was made Minister of Defense, a precedent that was continued by Suárez's successor, Leopoldo Calvo Sotelo. It is also worth mentioning, as a demonstration of the sensitivity

toward the Armed Forces, that since 1975 a general has been named First Deputy Prime Minister with responsibility for security and national defense. Suárez's second appointee, Lieutenant General Manuel Gutiérrez Mellado, served well as a transmission belt between Army and government.⁹

The aborted coup provided the government with a golden opportunity to purge the Army and the police forces of members whose loyalty was not assured in the recent incident. The office of the chiefs of staff was reorganized and at least two generals were dismissed. It is unlikely, however, that the power of the Armed Forces will be greatly diminished in a country where intervention is both traditionally and constitutionally possible (through Article 8), and where the Army, if not the police, still enjoys a great deal of prestige.

POLITICAL AND GOVERNMENT PROBLEMS

Adolfo Suárez's sudden (although not totally unexpected) resignation in January, 1981, contributed at least indirectly to the putsch, by plunging Spain into a severe political crisis. By any fair criterion, Suárez was probably the most appropriate leader for Spain during the difficult period of its early transition to democracy. His political background in many Francoist bureaucratic posts and his selection in 1975 as secretary-general of the National Movement placed him in an advantageous position from which to convince die-hard Franco supporters of the futility of resisting the advance of liberal democracy. By the force of his personality and his deft maneuverability, he made considerable progress. Assisted by his friend and mentor, King Juan Carlos, Suárez had approached the task of democratizing Spain in a determined, effective and supple manner that reflected the profound pragmatism of Franco's regime in its last stage.¹⁰

As one of his biographers indicates, his early strategy had been "to live from day to day:"¹¹ to keep silent on ultimate goals—if indeed he knew them—and to proceed as gradually or as radically as circumstances dictated. His personality suited this *modus operandi* well: flexible, self-disciplined, able to hide his emotions, energetic, excellent at public relations and personal contact. He was perspicacious enough to realize that the Old Guard felt unable to maintain the system that Franco had created and nurtured and, one may say, legitimized. At the same time, the opposition parties were in no position to impose a new system overnight, partly because of internal disagree-

ments regarding strategy, partly because of lack of direct legitimacy for any one party, and partly because of their lack of access to the levers of power.

Because of this, until the 1979 elections Suárez wielded power with self-confidence and decisiveness. He surrounded himself with untried politicians, who were ready to give him complete responsibility for the direction of the state. His tactic was one of improvisation, a short-term arrangement with any coalition of key political groups at various times.

At least two problems became manifest after March, 1979. First, there was a nearly total absence of ideological baggage. Unless one considers democracy an ideology, at no point in his career did Suárez make any statement as to what type of society he wished to build. He was, ideologically, equally at home under Franco's rule or playing the democratic game: policy-making and a program for action were not his forte. One may theorize that the dearth of ideology in Franco's Spain carried over into the democratic period for Suárez and many members of his Union of Democratic Center (UCD) party.

Second, a corollary of this, in those areas where the objective was to break from the past in a dramatic way and to create a new order, Suárez's Machiavellian style of leadership proved masterful. However, when the goal became the administration of that new order, his inability to adapt became evident; he remained unable or unwilling to delegate responsibility, intent on concentrating powers, surrounding himself with a deep crust of advisers (the *fontaneros* or plumbers as they came to be called, reminiscent of the Richard Nixon presidency in the United States). When things worsened after the fiasco of the Andalusian referendum for regional autonomy in February, 1980, and when the economy continued to falter after 1978, Suárez stayed away from the press and the Cortes for months at a time, unable to move forward, only to emerge temporarily with sudden and short spurts of his old combativeness.

The consequences of this behavior were not long in coming; hardly a day passed after June, 1979, that the press, including the moderate dailies and weeklies, did not criticize his secretiveness and the lack of decisive action that it had come to expect from him. The political parties, particularly the Socialists (PSOE), who had become stronger after giving Felipe González a vote of confidence in the September, 1978, Congress, assailed him and the UCD in the Cortes. A motion of censure, based on Suárez's handling of the Andalusian referendum and the economy, was narrowly defeated in May, 1980. Public opinion polls showed his personal popularity in constant decline. By January, 1981, his support had slipped to 26 percent of the population.¹²

As his image began to fade, his own party, an uneasy coalition of Independents, Liberals, Christian

⁹For an analysis of his role, see Coverdale; *op. cit.*, pp. 139 and *passim*.

¹⁰*Ibid.*, pp. 137-38.

¹¹Gregorio Moran, *Adolfo Suárez: Historia de una Ambición* (Madrid: Ed. Planeta, 1979), p. 381. The following remarks are drawn partially from Morán's analysis, pp. 381-92.

¹²*Cambio 16* (Madrid), February 2, 1981.

Democrats and moderate Francoists, began to challenge his leadership. Suárez had been the rallying point for these disparate groups since he became their undisputed leader one month before the June, 1977, elections. Earlier criticism within the party, evident in the first UCD Congress of October, 1978, had not touched his leadership. Complaints were limited to the party's ideological and programmatic poverty, its lack of internal democracy, and Suárez's assumption of the presidency of the party.

This criticism became more serious after the vote of censure and Suárez's subsequent response. He reorganized his Cabinet in June, 1980, leaving out many influential party members. Under pressure, he was forced to form a Commission of Notables of the party, composed of all ten faction leaders. The *barones*, as this group came to be called, met with him in Carabanchel, Madrid, in July, 1970, and demanded that he change his way of governing.¹³

One critic stood out in this group, Landelino Lavilla, head of the Conservative Christian Democratic faction and president of the Congress of Deputies, the Cortes' lower chamber. In June, 1980, Lavilla declared his disillusionment with what he termed the "reformist overzealousness syndrome" that he claimed had led the UCD to accept any change "at any price."¹⁴ Lavilla resented his faction's low profile in the government and the proposed divorce bill, which was being prepared for submission to the Cortes in the fall by Francisco Fernández Ordóñez, head of the Social Democratic faction and the Minister of Justice.

Suárez replied to this two-pronged criticism by changing his government again in September. This time, all the barons were included, with the exception of Lavilla, who continued to attack Suárez. The new government, which received a vote of confidence on Suárez's request, was unable to operate effectively. It was constantly assailed by the opposition, which blamed it for every crisis, particularly unemployment and terrorism.

Criticism mounted within the UCD. Earlier demands intensified. The second congress of the party scheduled originally for late January, 1981, was being regarded as a means of hardening the split between the party factions and offering a challenge to Suárez's leadership. Suárez did not await the convening of the conference to submit his resignation as leader of the party and of the nation. His departure quietened considerably the feverish discontent within the UCD. His anointed successor, Calvo Sotelo, a technocrat,

moderately liberal in social matters although fiscally conservative, was elected unanimously by the delegates. The presidency of the party went to Rodríguez Sahagún, a Conservative former Defense Minister, while Lavilla, who contested the election, obtained more than one-third of the votes. The party continued to refuse to accept any resolutions that would compromise its nonideological stance. Although Calvo Sotelo has retained a Cabinet almost identical to that of his predecessor, the circumstances of his election will probably herald a Spanish shift toward conservatism.

ECONOMIC DEVELOPMENT

After a marked improvement in many sectors during 1978, the year of the "Moncloa pacts," Spain's economy suffered some serious setbacks after Suárez's reelection in 1979. A long-awaited three-year government economic plan to attempt to cure the ills of recession was presented by the then Second Deputy Premier, Fernando Abril, in August, 1979. Operating within the framework of a market economy and rejecting protectionism, the plan proposed cuts in government spending and a restructuring of the faltering steel and shipbuilding industries. In order to combat unemployment, financial incentives to early retirement were offered, and retirement was made mandatory at 69.¹⁵

The effectiveness of these and other measures in the plan is doubtful. Spain is troubled by economic stagnation, with an estimated 0.8 percent growth rate during 1980, below the 1979 figures of 1.4 percent. The country's external debt, which lessened in 1978-1979, showed a dismal \$5-billion deficit in 1980, one of the largest in recent history. Undoubtedly, oil prices are partly responsible; Spain spends over \$12 billion a year on oil, its largest single foreign expenditure.

By far the most serious economic problem is unemployment, which continues to engage politicians in animated argument. Spain has the worst record of any country in the Organization for Economic Cooperation and Development (OECD), with about 12 percent of its work force unable to find jobs. The opposition parties claim that, in the process of lowering the inflation rate—which is now pegged at 14.5 percent, the lowest level since 1975—the government has totally disregarded programs to help alleviate the constant rise in the number of jobless.

As a means of dealing with industrial unrest, the government also passed a Workers Statute in December, 1979, to update labor laws and practices. The thrust was that basic guidelines referring to wage settlements and working conditions should be set at the national level by trade unions and government. The moderate General Workers' Union (UGT, Socialist-oriented) agreed in principle, whereas the more

¹³*Cambio 16*, July 26, 1980.

¹⁴*El País*, June 18, 1980.

¹⁵The plan and Spain's economic situation are covered in the OECD Annual Economic Surveys, particularly the April, 1980, issue. More recent developments and figures may be gleaned from *Cambio 16*, January 15, 1981.

militant Workers' Commissions (CC.OO., Communist), believed that workers' committees in individual companies should be involved in their own companies, negotiating for their own improvements.

Recent membership in unions (which amounts to only one-third of the total work force), has shifted. As of October, 1980, the CC.OO. now have a membership of 16.5 percent of the Spanish work force, as compared with 31 percent in 1978, whereas the UGT has increased its share from 10.5 to 16.5 percent during the same period.¹⁶ These and other developments in labor relations demonstrate a trend toward moderation, which may benefit the future growth of the industrial sector.

As Stanley Payne indicated, one of the tragedies of Spanish democracy is that, when it was attempted, the world was experiencing recession or depression. This adversely affected the democracy's ability to survive.¹⁷ It is a boon to democracy that at present Spaniards recognize that their plight is not unique in the Western world and that they are prepared to endure hard times. Should conditions worsen in other areas, however, the state of the economy will take on an added significance.

THE REGIONAL AUTONOMY CRISIS

Of all the problems of the transition, none is perhaps more intractable and fascinating than the development of regional autonomy.¹⁸ Spurred by the early developments toward democracy at the national level, groups in the established linguistic and cultural regions of Spain began to demand a measure of autonomy from a traditionally centralist state. The state responded by granting pre-autonomous status to every region that requested it; Catalonia in 1977, the Basque provinces and Galicia in early 1978, and then others received this status. Ostensibly, the move toward a preliminary form of self-government was made in order to await the constitution, which would include paths and directions for the development of full autonomy.

More critically, however, the government needed time in order to decide how autonomy should be handled. Pre-autonomy itself created no more than a

¹⁶An interesting article by J.M. Arija contains figures on membership and claims that Spanish workers tend toward conservatism. See "Los obreros ¿son de derecha?" *Cambio* 16, October 26, 1980, pp. 22-7.

¹⁷See Payne, *op. cit.*, p. 170.

¹⁸See *ibid.*, pp. 168-70, for developments up to June, 1979. For details of subsequent events on this issue, see M. Serfaty, "Centre-Periphery Relations in Post-Franco Spain: Regionalism or Federalism," a paper presented to the Canadian Political Science Conference on Energy Resources and Centre-Periphery Relations, Banff, Alberta, Canada, December 13, 1980.

¹⁹L. López Rodó, *Las Autonomías: Encrucijada de España* (Madrid: Aguilar, 1980), chapter 4.

²⁰*El País*, January 17, 1980, contains this document.

two-tier form of local government. Councils or juntas, made up of local parliamentarians, councillors and other leaders, have no legislative power outside that granted by their local or central overlords. However, in their roles as mediators and because of their broad and prestigious composition, they have become the spokesmen for the whole regional entity and the instigators of demands for full autonomy.

Inherent in these early improvised arrangements (which still govern all regions except Catalonia and Euzbadi (the Basque provinces) was an inconsistency that caused later difficulties. On the one hand, negotiations were carried out between government and local leaders, without any general framework. Thus, some powerful regions were able to derive higher benefits than others in the process of bargaining. On the other hand, by accepting the regions' right to autonomy, the government also implicitly accepted equal treatment for full autonomy later on. (Suárez wavered between these two positions throughout 1980, the year in which autonomy became the thorn in his government's side.)

The 1978 constitution institutionalized this and other inconsistencies. It envisaged 12 ways in which autonomy could be reached.¹⁹ Catalonians and the Basques achieved their autonomy relatively quickly through application of Article 151. Commissions representing the regions and Cortes met and struck agreements which were accepted by referendum in the regions in October, 1979, and were subsequently ratified by the Cortes and by the King. Elections for the respective regional parliaments took place in March, 1980. Although the government party suffered setbacks in both these elections, with fairly convincing minority victories for regional parties, the process of devolution was steady and, therefore, was subjected to little or no criticism.

A very different outcome awaited the Andalusian referendum, scheduled for February, 1980. While the government was on record as accepting a procedure similar to that established for the other two as late as December, 1979, a document issued by the UCD's executive committee in January, 1980, made it clear that the party favored the application of Article 143, which would slow the process considerably, since a statute would have to be worked out by Parliament, rather than by referendum. The government also declared that it would advocate abstention by its supporters in the Andalusian referendum.²⁰

This sudden UCD reversal was dictated by two major considerations. The government feared an ac-

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"Greece has entered a new era symbolized by democracy through participation, and membership in the EEC reinforces this development."

A New Era in Greece

BY MARIOS EVRIVIADES

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THE troubling events of February 23, 1981, in Spain—the attempted coup by recalcitrant remnants of the Franco era—struck a particularly sensitive chord in Athens. At its meeting of February 26, the Greek Parliament was unanimous in condemning the attempt to abolish the fledgling Spanish democracy and sent a message of congratulatory solidarity to the people, the Parliament and the political leadership of Spain.

Greek sensitivities on this score are understandable; it was not too long ago that the political evolution of Greek society was in a straightjacket. Like Franco's Spain and Salazar's Portugal, Greece was victimized by the authoritarian mentality that traced its ideological origin to the decade of the 1930's.¹ Thus any subversion, destabilization or potential threat against one of the recently established democratic systems of government in southern Europe would be denounced by the Greek political leadership. Indeed, the potential threat to the Greek parliamentary system posed by the recent burial in Athens of the ex-Queen mother, Frederika, was the underlying cause of a short-lived political upheaval during the week of February 9.

The George Rallis government, respecting an ancient and honorable Greek tradition, granted the request for burial on Greek soil and allowed close relatives to accompany the body. Prominent among the mourners was Frederika's son, Constantine, the former King. The issue of the Greek monarchy, which has bedeviled Greek politics since the last century, had been settled formally in December, 1974, by a referendum. But 30 percent of the voters supported a "crowned democracy"; thus the former King, with his local supporters was a potentially destabilizing element in Greece.

The issue was finally put to rest at the funeral. Constantine's presence in Greece was his first in almost 14 years. But the monarchists' attempt to exploit this failed miserably. A mere two thousand chanting supporters turned out. Royalty no longer had a place in Greece. Events and the Greek public had simply passed it by. The much criticized decision of the Rallis government to permit the funeral and the

ex-King's temporary presence in Greece was appropriate. As it turned out, it also made a positive political contribution toward the long-term stability of the republic.

Indeed, there is no stopping or turning back the clock in Greece. Greece requires relative stability in order to meet challenges in the decade of the 1980's—the economic shocks of the Common Market (European Economic Community, EEC) transition period and the unstable international economy, and the danger of Turkish expansionism. Legitimate domestic and foreign policy differences must be confined to parliamentary politics. The evidence so far suggests that Greece's political leadership is aware of this; party politics are being conducted with a sense of public responsibility that has no parallel in modern Greek history.

Two major internal political developments, the election of Prime Minister K. Karamanlis to the presidency of the republic and the sequential leadership contest within his New Democracy party (ND), have been particularly revealing. Ever since June, 1975, when the new Greek constitution was voted into force, replacing that of 1952, it had been widely believed that Prime Minister Karamanlis aspired to the republic's highest office—the presidency. With President K. Tsatsos' five-year term expiring in June, 1980, Karamanlis confirmed publicly and for the first time (April 19) that he would consider standing as a candidate for the post. Soon thereafter ND's parliamentary group nominated him unanimously as the party's presidential candidate. With no opposition candidates nominated, he ran unopposed.

In accordance with the pertinent constitutional provisions (Art.32), Parliament met in special session as an electoral college and chose the President through secret ballot. On May 5, Karamanlis was declared President-elect on the third ballot, obtaining 183 votes. In addition to 174 members of his own party, he was supported by independents and members of smaller parties. There were 93 abstentions, 12 blank votes and 10 write-in votes. Opposition to the Karamanlis election came from A. Papandreou's Panhellenic Socialist Movement (PASOK), whose deputies, while attending the balloting, did not participate in the vote.

Political considerations played a role in the opposi-

¹For Greece this began with the 1936 Metaxas dictatorship. See Richard Clogg, *A Short History of Modern Greece* (Cambridge: Cambridge University Press, 1979).

tion's stand. Because of Karamanlis's stature with the electorate, his preeminent role in the traditional right, and his well-known views on the future of the nation, there were apprehensions that he would not confine himself to the largely ceremonial duties of the post and that (in contrast to the passivity of Tsatsos) he would be an "active" President, using the residual powers of the office² to make sure that Greece followed his direction.

After the presidential election, Karamanlis resigned from his position as leader of New Democracy and from his seat in Parliament. On May 6, he submitted his government's resignation to President Tsatsos, who requested that the ministers continue in a caretaker capacity until the formation of a new administration by the ruling party. With only a few weeks of his five-year term remaining, Tsatsos, 80 years old, resigned from his post. On May 15 the 73-year-old Karamanlis, was sworn in as his successor.

Just as significant politically was Karamanlis's successor in the New Democracy party. There were two contenders for the leadership: George Rallis, Minister of Foreign Affairs, whose support came from the party's moderate center, and Evangelos Averoff-Tossizza, Minister of National Defense, who drew his strength from the conservative wing. An Averoff victory was considered all but certain. But when the secret balloting was completed, it was Rallis, 88, Averoff, 84, with three votes blank. The President-elect had refused to indicate his preference. But among Rallis's supporters was the President-elect's brother, Achilleas Karamanlis, a circumstance that did not go unnoticed.

Rallis's reputation as a moderate tipped the scales in his favor. With elections coming in 1981 and the socialist challenge from PASOK growing, Rallis seemed more likely to draw votes from the center of the political spectrum, where the PASOK challenge is expected to be the greatest and where the 1981 elections will most probably be decided.

For New Democracy to emerge victorious in its upcoming electoral confrontation with PASOK with Karamanlis no longer at the helm, internal party unity is imperative. Here Averoff has been making a unique (by past Greek standards) contribution. Although stung by his defeat to Rallis, his behavior has been exemplary. He agreed to serve as National Defense Minister in the new Rallis government (which received a vote of confidence on May 24 on a program that was simply a continuation of

Karamanlis's policies). Although commanding virtually half the party's loyalty, he has ignored the pleas of his more fanatic supporters and has refused to break with Rallis and split the party.

Karamanlis's smooth ascent to the presidency and Rallis's assumption of the premiership indicate the political maturity that has characterized Greece since the seven-year dictatorship. Both events—and particularly the Rallis-Averoff interparty rivalry—have established precedents in political behavior. With the full four-year term of the current Parliament expiring in November, 1981, the forthcoming elections, which may take place as early as September, will present the biggest test yet of the Greek democracy. The confrontation building between the two major parties, New Democracy and PASOK, and the aftermath of those elections will be particularly telling. The opposing ideologies hold different visions of the future of Greek society.

DEVELOPMENTS IN FOREIGN POLICY

Two recent foreign policy developments will have an impact on the coming election: the reintegration of Greece into the North Atlantic Treaty Organization's (NATO) military command structure, and the ongoing negotiations between Greece and the United States for the conclusion of a bilateral defense agreement to replace that of 1953. On October 19, 1980, Prime Minister Rallis announced that agreement for Greece's reintegration into NATO had been reached. On October 20 the agreement was endorsed by the Rallis Cabinet and on the same day it received the approval of NATO's Defense Planning Committee in Brussels. The agreement was based on a formula worked out by General Bernard Rogers, Supreme Allied Commander Europe, in consultation with Greek and Turkish authorities.

It should be recalled that Greece withdrew from the military command in August, 1974, in protest against the invasion of Cyprus by Turkey, another member of the alliance, which was using military hardware supplied by the United States for NATO purposes. The Greek withdrawal was reassessed as early as 1975, when it was decided that Greek national interests and the cause of Cyprus could be better served if the Greek military relationship to NATO was restructured on the basis of a special agreement. But although Greece and NATO were able to reach agreement in 1977 and

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²The President is the Commander-in-Chief, and although his powers to appoint and dismiss the Prime Minister are largely ceremonial, he can dissolve Parliament and call for new elections under circumstances of a national crisis (Article 41); he can call a referendum on crucial national issues (Article 44, paragraph 2); and he can exercise other discretionary powers.

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"Europe, both East and West, is the linchpin of Soviet strategy; East Europe is an area of imperial control, and West Europe is an area of high industrial potential coupled with American nuclear weapons."

Soviet Policy in West Europe

BY ROGER HAMBURG

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ACCELERATED rivalry between the United States and the Soviet Union has resulted in political "fall-out" in a West Europe that is increasingly concerned about Soviet military power and its growth but is unwilling to follow the American lead unthinkingly because of economic and other ties with the Soviet Union and doubts about the political sagacity and steadiness of the Americans.*

Europeans reacted to the Soviet move into Afghanistan with their customary admixture of "vigilance and prudence," fearing that unchecked hostility toward the Soviet Union could lead to a new cold war. Furthermore, they argued that if diplomacy were totally forsaken for a new arms race the West might not be better off. There was also the possibility, especially for states closer to the Warsaw Pact area, that Soviet military power might be used in areas more immediately threatening to European interests.

The Soviet move, despite its geographic remoteness from the center of NATO (North Atlantic Treaty Organization) power, was close to the economic lifeline of Europe, its oil supply through the Persian Gulf. In less apocalyptic terms, it focused concern anew on Soviet intentions, because of a constant anxiety about the geographic contiguity to West Europe of large, well-equipped Soviet and Warsaw Pact forces and the fact that West Europe has always been central to Soviet security considerations.

For historical and cultural reasons, the Soviet Union has tended to evaluate itself continuously in relation to West Europeans and especially to the Germans, whom the Soviets have alternately feared and admired. The Soviet Union has regarded West Europe as well as the United States as a major source for the investment and technological assistance that the Soviet system has increasingly sought to compensate for chronic weaknesses of its own in economic innovation. It has also focused on West European states because of their alliance with the United States, the strongest Soviet rival which (with NATO) could still pose a major barrier and threat to the Soviet Union and its allies.

Europe, both East and West, is the linchpin of Soviet strategy; East Europe is an area of imperial control, and West Europe is an area of high industrial potential, coupled with American nuclear weapons. In Europe, the constant and continuing Soviet military build-up is most pronounced. The Soviet and Warsaw Pact conventional military advantage over NATO forces has increased in recent years, although NATO countries have increased defense expenditures in the last two or three years to narrow the gap. The Soviet Union has not been content with parity in any category of conventional military strength with the West and has sought quantitative and qualitative improvements without visible restraint. When United States defense efforts flagged, the Soviets continued their steady build-up and their conventional advantage is pronounced in the European region.

The Soviet Union assumes that war may be imposed on it, and its doctrine of mass and rapid advance might subsequently be put into play. There are many circumstances in which war could occur in Europe. In the event of leftist takeovers in Europe, the Soviet Union might respond to pro-Soviet forces requesting Soviet intervention. Alternately, it might grant non-military help in return for basing rights to increase the Soviet presence (and partial control) in these areas, or it might threaten to intervene and make this visible by appropriate maneuvers. Italy comes most readily to mind in this connection. War between NATO powers, with the weaker side calling in Soviet forces as an act of desperation, is another possibility. Recurring Greek and Turkish war with its tension over Cyprus is the most likely case in point. Yugoslavia, with the possibility of ethnic tensions exploding in civil war in the post-Tito environment, provides another possibility. West Germany offers similar possibilities although they are not likely; the consequences of Soviet intervention here are far more imponderable. A worker movement might gain power but might be in the process of suppression by "counterrevolutionary elements." Or right-wing, even neo-Nazi, elements might seize power and raise possibilities that, even in Germany's truncated state, are only too familiar to the Soviet leadership.

Yet if large scale military action is not likely to be a preferred Soviet policy, what then are Soviet aims in

*An expanded version of this article will appear in Roger E. Kanet, ed., *Soviet Foreign Policy in the 1980's* (New York: Praeger, 1982). Reprinted by permission, copyright ©Praeger, 1982.

Europe? Basic is a "recognition (dictated by Europe's historical experience) of the European frontiers that emerged as a result of World War II and post-war development and of political reality as a solid basis for peace on the continent."

Soviet concern for legitimating Europe's border shows that the Soviet Union is preeminently a European power. But large and growing forces do not provide Soviet security, which remains "tentative and unstable" largely because of "Atlanticism," the American partnership with the capitalist countries of Europe. This has allowed the United States and its allies strongly to affect, if not control, political and economic developments in West Europe. In the Soviet view, NATO and its instrument are a powerful collective, by which Western capitalist powers coordinate foreign and domestic policies. Since the United States is involved in NATO, Soviet ability to affect European affairs is less than optimal.

Ultimately, the Soviets would like to fragment, if not disintegrate the Atlantic Alliance and arrange the withdrawal of American forces. The abolition of NATO might, from the Soviet point of view, decouple United States conventional and perhaps strategic forces from Europe's defense and undermine the rationale for the American military presence there. While not regarding any such withdrawal as imminent, Soviet leaders hope that they can persuade NATO countries that dependence on the United States is expensive, inhibiting, and possibly dangerous. Drawing these countries away from dependence on the United States has been a central Soviet objective, provided that as a consequence an American withdrawal would not unleash anti-Sovietism and bring about a European military union, which would bring about an extension of the West German armed forces. Even a continued American military presence with a stronger West German role and a common military policy would not be desirable. A West European nuclear consortium would also alarm the Soviets. They prefer that NATO remain as it is.

In the Soviet view, NATO is depicted as a "powerful military machine" whose forces are being developed in "immediate proximity to the boundaries of the socialist states of Europe." Recently, it has "sharply increased" its military efforts, increasing defense expenditures up to 3 percent a year, and called for weapons modernization. West Germany's military expenditures have been second only to those of the United States. NATO has allegedly been part of Washington's plan to create a ring of military bases around the Soviet Union.

Nor is the threat, in the Soviet view, confined to NATO territory itself. NATO, Soviet Defense Minister D. Ustinov notes, is considering the "possibility of delivering modern weapons to China and is encouraging Beijing's military preparations aimed

against neighboring states." Other Soviet analysts have expressed the warning that there would be "no place for détente" if China "became some sort of ally to the West, even an informal ally." As NATO's "Eastern member," in another view, China seeks to "influence West European countries in order to sabotage actions aimed at consolidating security in Europe." China allegedly seeks to put together a coalition of the "chief capitalist powers of Europe, Japan, and of course the United States" as a part of a "common front" against the Soviet Union.

Could the Soviets strike a bargain with the United States and Western Europe that might reduce Soviet advantages in Europe in return for some understanding in Western relations with China? Soviet leaders have urged the joint dissolution of NATO and the Warsaw Pact, with tranquility assured through collective security, although no mechanisms are suggested to implement this scheme. Failing this, the Soviets have sought to reduce the danger of an outbreak in Europe by strategically timed offers of withdrawal of forces, "confidence building" measures like advance notice of and limitations on military maneuvers and further strategic arms control measures. They have also been involved in force reduction talks in Europe with NATO representatives (MBFR in Western parlance), to "preserve and legitimize" the Soviet position relative to NATO. The NATO nations' attempts to offset Soviet preponderance in tanks and manpower by urging greater cuts in Warsaw Pact forces than those of NATO have been met by Soviet insistence that the East-West balance must be preserved by equal cuts in all force categories and by constant Soviet concern about the West German armed forces.

Soviet leaders have insisted that there was not much difference in the size of the armed forces of NATO and the Warsaw Pact and that their level has remained "more or less" equal. Since the correlation was equal, the "correlation between the two opposing sides must not change"; Soviet proposals call for an "equal reduction that does not lead to a change in the correlation of strength in Central Europe in favor of any of the two participants in the talks." Soviet writing on MBFR has constantly expressed the fear that NATO would seek to improve the existing "correlation of forces" to improve its military position. Soviet policy has sought to keep a manpower and tank superiority by calling for equal reduction of forces.

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Roger Hamburg first presented an expanded version of this article at the Midwest Slavic Conference, Cincinnati, Ohio, in May, 1980. He is the author of "Low Intensity Conflict: U.S. and Soviet Responses," to be published by Transaction Books, New Brunswick, N.J.

BOOK REVIEWS

ON WEST EUROPE

THE SPANISH REVOLUTION: THE LEFT AND THE STRUGGLE FOR POWER DURING THE CIVIL WAR. *By Burnett Bolloten.* (Chapel Hill: The University of North Carolina Press, 1980. 664 pages, bibliography, notes and index, \$29.00, cloth; \$14.00, paper.)

Burnett Bolloten has provided a detailed picture of the Spanish Revolution of the 1930's, the vestiges of which are still troubling Spain. The result of some 40 years of study, this is a scholarly work; the detailed notes and index are of great value to the student of this revolutionary period. O.E.S.

AMBASSADOR MACVEAGH REPORTS: GREECE, 1933-1947. *Edited by John O. Iatrides.* (Princeton: Princeton University Press, 1980. 769 pages, notes and index, \$35.00.)

This edition of the papers of United States Ambassador to Greece Lincoln MacVeagh covers the World War II years, the fall of the republic, the restoration of the monarchy, the German occupation and the civil war as well as Great Power diplomacy in Greece and the Balkans. O.E.S.

NORTHERN IRELAND, A PSYCHOLOGICAL ANALYSIS. *By Ken Heskin.* (New York: Columbia University Press, 1980. 174 pages, bibliography and index, \$17.50.)

Ken Heskin, a child of a peaceful Northern Ireland, views the problems of Northern Ireland as psychological and draws on the methods of social psychology to explain "why people feel and behave as they do. . . ." O.E.S.

GREECE AND THE EUROPEAN COMMUNITY. *Edited by Loukas Tsoukalis.* (Brookfield, Vermont: Renouf/USA, Inc., 1979. 172 pages and tables, \$22.25.)

The editor has selected contributions from a wide group of academicians and policymakers, Greeks and members of the European Community, to examine the historical, political and economic implications of Greece's application (now granted) to become the 10th member of the European Economic Community. O.E.S.

THE RISE OF FASCISM. *By F.L. Carsten.* (Berkeley: University of California Press, 1980. 279 pages, bibliography and index, \$18.50.)

Carsten examines the origins of the principal

Fascist movements in Europe and details their history. O.E.S.

EUROPE AND THE MIDDLE EAST. *By Albert Hourani.* (Berkeley: University of California Press, 1980. 226 pages, notes and index, \$18.00.)

The author concerns himself with "the attitudes of Western thinkers and scholars towards Islam and those who call themselves Muslims. . . ." O.E.S.

THE GERMAN PROBLEM RECONSIDERED: GERMANY AND THE WORLD ORDER, 1870 TO THE PRESENT. *By David Calleo.* (New York: Cambridge University Press, 1980. 239 pages, biographical essay and index, \$6.95, paper.)

David Calleo analyzes what he regards as the German problem and the place it has taken in world history since the 1860's. O.E.S.

REBIRTH OF A NATION: WALES 1880-1980. *By Kenneth O. Morgan.* (New York: Oxford University Press, 1981. 463 pages, bibliography and index, \$25.00.)

Kenneth Morgan describes "the main features of the history of Wales since 1880 down to the present day." He clearly shows the enduring sense of Welsh nationality that is central to Wales. O.E.S.

CREATING THE ENTANGLING ALLIANCE: THE ORIGINS OF THE NORTH ATLANTIC TREATY ORGANIZATION. *By Timothy P. Ireland.* (Westport, Ct.: Greenwood Press, 1981. 245 pages, bibliography and index, \$27.50.)

Created in 1949, the North Atlantic Treaty Organization (NATO) is the West European and American counter to the growth of Soviet power. Ireland offers some new insights about the original intention of the alliance and America's European diplomacy. O.E.S.

THE POLITICS OF GRANDEUR: IDEOLOGICAL ASPECTS OF DE GAULLE'S FOREIGN POLICY. *By Phillip G. Cerny.* (New York: Cambridge University Press, 1980. 319 pages, select bibliography and index, \$29.50.)

In foreign policy, all French leaders are Gaullists; they pursue a foreign policy designed to ease East-West tensions in Europe. President Charles de Gaulle also sought to fashion a domestic consensus among traditionally hostile groups. This study examines the linkages between de Gaulle's foreign and domestic policies.

Alvin Z. Rubinstein
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WEST GERMANY IN THE 1980's

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waged a bitter fight against the proposal, while the FDP, more in tune with business interests, supported Mannesmann. After protracted political negotiations, the SPD-FDP Cabinet arrived at a compromise. Not until 1987 will the form of codetermination presently existing in Mannesmann be changed; then, to the dissatisfaction of the Metal Workers Union, its position of parity on the board will be weakened to conform with a 1976 law applying to industries other than coal and steel. Employers, on the other hand, characterized the postponement until 1987 as a sellout to union pressure.

Another immediate and continuing political and emotional issue is the future of the nuclear power industry. In 1979 a court ruled that no nuclear plants could be built in the Federal Republic until the waste disposal question had been settled. The Bonn government thereupon planned to construct a number of small recycling centers in several locations, and supported the decision of the CDU-controlled Lower Saxony government to build a final storage facility in the salt mines near Gorleben. Anti-nuclear groups have maintained their opposition to any new plants, especially to the resumption of construction of the Brokdorf plant in Schleswig-Holstein, near Hamburg. In February, 1981, the SPD government, in a dramatic turnaround, decided not to share in the construction, even though SPD Chancellor Schmidt has repeatedly stated that West Germany must expand its nuclear power capability if it is to maintain its present standard of living. As a consequence, the schism between the anti- and pro-nuclear forces within the SPD, most dramatically visible at the party's 1979 convention, has become deeper.

FOREIGN POLICY

West Germany's role in world affairs has measurably increased in recent years, because of its political, military and economic strength, Chancellor Schmidt's leadership capability, and United States and President Jimmy Carter's foreign policy problems. A feeling of pride in the country's strength has produced a greater detachment from and less reliance on the United States. On a number of occasions, Schmidt was critical of President Carter for failing to take decisive leadership in the Western alliance, for unexpected switches in foreign policy, and for not taking West Germany's need for détente with the East into consideration when he made retaliatory moves against the Soviet invasion of Afghanistan. The West German Chancellor was also critical of continued high United States consumption of Middle Eastern oil which,

among other effects, led to currency difficulties between the two states.

Although there was disenchantment with Carter policies, not helped by the cool relations between the two national leaders, the strength of the Western alliance was not weakened. The typical Bonn view was that "we may not agree with President Carter, yet we have no choice but to support him." Indeed, according to one poll taken in April-May, 1980, 59 percent of respondents characterized the relations with the United States as "very good" or "good," based on a commonality of interests. But as one observer in Bonn noted: "Perhaps we are seeing the emergence of a post-American era. The Germans are loyal, but from now on they will be loyal as European partners, not as American sidekicks."⁵

Whether relations between President Reagan and the Chancellor will improve cannot be predicted. Although Schmidt hopes for steadier policy, his priority, a full and early resumption of détente with the Soviet Union, is bound to clash with Washington's current tough line toward Moscow. Moreover, Reagan's emphasis on military solutions to current third world crises, i.e., El Salvador, is not shared by Schmidt, who prefers political solutions. Earlier, the West German government helped to bring about a resolution to the Iranian hostage crisis.

One potential dispute between the Federal Republic and the United States was partly defused early in the Reagan administration. In 1980, the Carter administration had pressured the Federal Republic and other NATO allies to increase their military outlays by a minimum of 3 percent a year through 1986. But the Bonn government calculated that the rise in real terms (inflation excluded) may not approach that figure because of West Germany's need to strengthen the non-military sector of its economy. The United States government, it argued, should not overlook the already high caliber of the West German armed forces, implying that United States forces stationed in West Germany were not at their peak (i.e., low morale, drug use). According to Finance Minister Hans Matthöfer: "If I may use an American expression, we get more bang for the buck." Soon after assuming office, United States Secretary of State Alexander Haig asserted that there should be some flexibility in the 3 percent military rise among the NATO partners.

No sooner had tension eased on the defense budget issue than another potentially divisive issue between the two countries (and other West European states) arose, fueled by United States Secretary of Defense Caspar Weinberger's statement in February, 1981, that he favored the production of neutron weapons in the United States and their deployment in West Europe. For Schmidt, already under fire from the left wing of his party, the statement could not have come

⁵The New York Times, July 9, 1980.

at a worse time. A NATO decision in December, 1979, to deploy additional intermediate-range missiles in Europe had caused considerable opposition in his party. Opponents of the missiles wanted an arms control accord with the Soviet Union first; only if that failed would they support the NATO decision. In 1978, Schmidt had pressured the party to assent to President Carter's initial proposal to deploy the bomb in West Germany, and then had been embarrassed by Carter's reversal. He knew that the neutron bomb issue would produce a new crisis within his own party. The consequent cool reception of Weinberger's proposal in Bonn and other European capitals forced Haig to state that the issue would have to be studied more carefully.

The SPD's left wing in the Bundestag also challenged the Bonn government to reduce arms expenditures by about \$500 million and to plow that money into increased aid to developing countries. But the government insisted that decreases in arms spending could not be effected on a unilateral basis and that its influence in international affairs depended upon the steadiness of its defense policy. Finally, in early 1981, the left wing opposed the possible sale of submarines to the reactionary regime of Chile and tanks and armored vehicles to the anti-Israel government of Saudi Arabia as not being in the national interest.

These multiple challenges to Schmidt's foreign policies are not a political threat to his government, but they force the Chancellor to be more cautious in his dealings with the United States and to push hard for a détente with the Soviet Union. On more than one occasion, Schmidt has stated that communications must never be broken off between states in a conflict situation. Worldwide crisis management and the resolution of conflicts are crucial ingredients in the contemporary world.

Foreign Minister Genscher put it aptly:

Global interdependence makes it necessary to have global cooperation if the interdependent states do not want to drift jointly into chaos Our task is to build up such a world order based on partnership. The goal is clear. But the path leading to that goal is arduous, full of blind corners and marked by many hazardous stretches.⁶

⁶*Bulletin* (Bonn), no. 8, July 31, 1980.

THATCHER'S BRITAIN

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was issued under the title, *The Conservative Opportunity*.¹⁰ Among other things, it pointed out that for a Conservative, politics is "primarily about the solution

¹⁰Robert Blake and John Patten, eds., *The Conservative Opportunity* (London: The Macmillan Press Ltd., 1976), pp. 7, 10-11, 14.

of problems which actually manifest themselves, not about the construction of an egalitarian heaven on earth; the role of government should be limited to one that accords with the values of the existing population and not extended in an attempt to fit some a priori philosophy or blueprint." Even so, the book challenged the party to look at the issues facing Britain and to establish general lines of approach. Robert Blake, himself a leading Conservative and one of the editors of the book, believed that the party had to demonstrate "a new concept of the relationship between government and people." He went on to cite Thatcher's "splendid keynote speech to the 1975 Conservative Conference . . . when she urged the case for less government, less interference, more freedom for the ordinary person to get on with his work unhindered by bureaucracy, and more freedom for him to do what he wishes with more of his money." Blake believed that

The Conservative party would be very ill advised at this stage to commit itself to much in the way of detail. What is needed, rather, is an ideological frame of reference, a set of general criteria by which solutions to particular problems can be judged.

Little did he know how massive and numerous those problems would be when the party finally came into power in 1979.

Among the criteria Robert Blake laid down were "a massive reduction in public expenditure and in the public sector of employment," "real cuts in actual expenditure, not just cuts in future programmes envisaging increased expenditure," and a shift in "resources from the public to the private sector on a very substantial scale." After two years in office, even under the most trying circumstances and under a load of economic problems far heavier than those facing the United States when President Reagan came into office, it began to look as if Thatcher had read the book and was attempting to carry out its precepts. Whether all members of the Conservative party had done the same is the \$64,000 question. For, oddly enough, Thatcher's party is restless. The coming years will bear close watching, not so much because of Thatcher, who can be counted on to remain steadfast, but because of the Conservative party, which must remain strongly behind her and help her turn what she practices into reality.

THE PORTUGUESE LABYRINTH

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coalition of Christian Democrats and monarchists led by Goncalvo Ribeiro Telles.

Campaigning on the slogan of "a definite majority," something no government had enjoyed since the 1974 revolution, the Democratic Alliance held out the vision of firm, stable government, an invigorated

private sector, and a greater role for the Catholic church. In the last days of a lively but uninspiring campaign, the Socialists portrayed themselves as the vital center of Portuguese politics and the only force able to prevent the polarization of political forces between the Communists and the Right. "If the Socialists don't stage a comeback," commented Joaquim Letria, a respected journalist, "they could end up like the Italian Socialists, a testimonial party."⁷

Election day was Sunday, December 2. The Democratic Alliance won 44.6 percent of the vote and 128 of the 250 seats in Parliament. The Socialists polled 27.4 percent of the vote for 73 seats, and the Communists, 19 percent, for 47 seats. About 6.9 million voters (87.5 percent of those registered) voted, confounding those who believed that the Portuguese were weary of politics and politicians.

Democratic Alliance leader Sa Carneiro declared on December 3: "We are going to form a government. The electorate wants a society that is not based on collectivism. I promise stability and authority of the state and obedience to the law." Outside the hotel where Sa Carneiro spoke, youths sped through the streets beeping car horns in jubilation over the first electoral breakthrough by the right since the 1974 revolution.⁸

The last army pennant flying over the polity of a West European country was run down the flagstaff on January 3, 1980. At a simple ceremony in Lisbon, the first Portuguese government with an effective majority in Parliament in the twentieth century was sworn into office. All but one of its ministers come from the center-right Democratic Alliance, which is still savoring its election victory of December. The new Prime Minister, Francisco Sa Carneiro, was so self-assured that he did not give a single soldier a Cabinet job. So ended a half-century of army involvement in Portuguese politics.

THE 1980 ELECTIONS

The ruling Democratic Alliance won a landslide victory in the parliamentary elections of October 5, 1980. Prime Minister Francisco Sa Carneiro won nearly 2.5 million votes, or 47.3 percent, an increase of 2.2 percentage points from the December interim elections. The Republican and Socialist Front led by the former Prime Minister, Mario Soares, won 1.5 million votes, or 27.8 percent, down 0.3 percentage point.

The pro-Soviet Communists, the United People's Alliance, suffered the biggest blow, dropping 2.2 percentage points, to 16.8 percent and 870,000 votes. The remaining ballots were divided among extreme left and right-wing parties.

The center-right winning alliance picked up 8 seats,

to hold 136 of the 250 parliamentary seats, while the Republican and Socialist Front lost one, to 73. The Communists lost seven, for 40 seats in the 1981 Parliament. An extreme left-wing party won one seat.

The Alliance victory was supposed to provide Portugal with a stable government for the next four years. During this time, it hoped to prepare the country for entry into the Common Market by revising the leftist constitution, reducing the 10 percent unemployment and keeping inflation under 20 percent.

Before embarking on any ambitious programs, however, the government tried to consolidate its victory by unseating the popular incumbent President, Antonio Ramalho Eanes. Eanes, backed by the Republican and Socialist Front but running as an independent, had wide support in all parties.

Portugal's presidential election campaign began after Prime Minister Francisco Sa Carneiro described the race as a decisive confrontation between his government and President Antonio Ramalho Eanes. Sa Carneiro repeatedly threatened to resign if his coalition's candidate, General Antonio Soares Carneiro, failed to oust President Eanes in the December 7 election. In a television address on the eve of the campaign, President Eanes stressed that his four-year term had brought peace, stability and the consolidation of democracy to Portugal after the two years of political turmoil that followed the 1974 revolution, in which the dictatorship of Antonio de Oliveira Salazar was overthrown.

But the expected confrontation between Sa Carneiro and President Eanes failed to materialize because the Prime Minister took the fatal flight to Oporto on the evening of December 4. ■

ITALY: CRISIS AS ROUTINE

(Continued from page 212)

by organizing its largest demonstration of the postwar era; and government officials who went to the funerals were hooted at and taunted.

By the end of August, 18 neofascists had been placed under arrest in connection with the Bologna bombing. They included members of the "black intelligentsia": Aldo Semerari, professor of criminology, and Paola Signorelli, professor of philosophy, both also implicated in the June 23 assassination of Mario Amato, a Rome magistrate. Amato had been investigating the terrorist activities of a neo-Nazi group, the NAR (Armed Revolutionary Units), and it is widely believed that he was killed because "he knew too much." To date the investigation is stalled by a jurisdictional dispute between Rome and Bologna.

Italian terrorism took another turn with the kidnapping of Giovanni D'Urso in December, 1980. The Red Brigades stated that they would kill the Rome magistrate unless the government closed the special security

⁷*Jornal Novo*, December 2, 1979.

⁸*Jornal Novo*, December 4, 1979.

prison of Asinara. Not since the Moro kidnapping were the Italian parties so divided on the question of action against terrorists. The PCI took a strong stand against yielding to "terrorist blackmail," while the Radicals and Socialists argued for "every effort to save a human life." The Red Brigades responded by leaving D'Urso's fate up to the prisoners of Trani and Palmi high-security prisons. The terrorist organizations demanded that the prisoners be polled for a verdict and that Italian newspapers print the prisoners' "communiqués."

In the end, *Avanti* (the PSI's newspaper) and *Il Messaggero* broke the silence tacitly agreed to by Italian publishers and printed the prisoners' verdict of "clemency" and their statements. The government closed Asinara, claiming that the closing had been contemplated for some time. And the Red Brigades released D'Urso, but only after they had scored a major victory: they had attracted a new constituency—"the imprisoned proletarians."

ECONOMIC CRISIS

The Italian economy is also in crisis. The "miracles" of Italy's "submerged economy" (the small and medium-sized firms that exist beyond the pale of national labor contracts, the taxing authorities, and government statisticians) will not be enough to head off the reckoning.

From 1975 to 1980, the index of prices more than doubled in Italy, rising at an average rate of 21 percent for the past two years. With the exception of Great Britain, all Italy's partners in the European Economic Community (EEC) had significantly lower rates of inflation—for example, the Italian consumer price index rose at a rate 27.8 percent faster than the German index over the past two years. Furthermore, the unit labor costs of production were higher in Italy than in any advanced capitalist country (50 percent higher than in the United States), advancing by 207 percent from 1972 to 1980 (as compared with an advance of 54 percent in the United States).⁴

The Italian working class was the only West European working class that suffered no decline in its real purchasing power from 1969 to 1978, thanks largely to a cost-of-living indexing mechanism ("scala mobile") that translated the higher cost of energy into larger paychecks.⁵ Indeed, the united Italian federation of labor unions has been so successful in waging the class struggle against capitalism that it has practically eliminated the employer's right to fire workers or to shift them to new assignments without their consent. The result has been an increasing rigidity in the structure of the economy, both in terms of the "mobility of labor" and in terms of the fixed overhead of high labor costs.

⁴*Panorama*, December 1, 1980, pp. 214, 241.

⁵*La Repubblica*, "Dossier Retribuzioni," August 2, 1980.

Despite Italian capitalism's competitive disadvantages, the country's balance of payments was in the black for the years 1977-1979 (in large measure because of tourists' foreign exchange and the export successes of the "submerged economy"), and the lira remained relatively strong. The Bank of Italy's strategy, keeping the lira on a par with the dollar (the main import currency) while allowing it to drop vis-à-vis other EEC currencies for export purposes, was successful until December, 1980.

The FIAT corporation signaled the arrival of the crisis. FIAT itself has met with serious difficulties in maintaining its share of markets, with management blaming the high labor costs and unions underscoring management's poor marketing strategies. Indeed, from 1972 to 1979, FIAT's share in the domestic auto market dropped from 60 percent to 50 percent, and its share of the European market fell from 18 percent to 14 percent (dropping from first place to third, below French and German firms). In June, 1980, Umberto Agnelli, vice president of FIAT, declared that there were "too many people in the factory." He called for increased "mobility of labor" (in effect the right to fire) and a devaluation of the lira in order to relaunch the export industries. In October, 1979, FIAT had attempted to restore management's right to dismiss workers unilaterally by firing 61 workers accused of not observing "the precepts of civil behavior in the work place." A strike was called to protest FIAT's action, but it was relatively unsuccessful. The matter was taken to the courts, where some workers obtained redress and were reinstated.

One month after Umberto Agnelli's statements, FIAT announced that it would dismiss 14,000 workers and lay off another 9,000 in the fall. With the unemployment rate already close to 8 percent, the unions would not succumb meekly. In an unusual move for Italian unions, they announced an open-ended, protracted strike against FIAT, effective September 10. Both sides held firm until September 27, when FIAT rescinded the firings, instead laying off nearly 24,000 workers, who were put on unemployment compensation at 93 percent of their salaries (to be paid out of public funds). It is unclear how FIAT's decision was affected by such developments as the announcement on September 20 of an accord between Alfa-Romeo and a Japanese firm, Nissan, and by the fall of the second Cossiga government one hour before FIAT's announcement. One clear effect, though, was a rift within ranks of the striking workers—since some now enjoyed unemployment benefits while on strike and others did not.

Although the unions attempted to continue the strike, they eventually gave in to FIAT on October 15—one day after 40,000 people demonstrated in Turin against the picket lines, urging the right of all willing FIAT employees to return to work (and a paycheck).

For the most part, the protesters were white collar workers, managers and foremen—the strata of the work force that had seen pay differentials separating them from blue collar workers flattened out during the past eight years, a group that had suffered a real decline in purchasing power (both phenomena traceable to the workings of the “scala mobile”).

As the figures came in with regard to Italy's balance of payments for 1980 (at year's end Italy had a deficit of \$9 billion), it became clear that Italy faced a choice between two kinds of devaluation: a managed, controlled devaluation or a “wildcat,” uncontrolled devaluation. The Cossiga government's failure to enact an anti-crisis package left the Bank of Italy and its tight money policies as the sole defense against an unmanaged devaluation. Even with the interest rate at over 16 percent, it was not possible to halt the speculation against the lira that began in December; thus by January, 1981, the lira had undergone a 25 percent devaluation with respect to the dollar. The strength of the dollar, the rise in the oil prices, the unbridled rate of inflation, the sluggish condition of export firms, continued government deficit spending—all these factors converged with a balance of payments problem and the absence of a coherent government economic policy to engender a far-reaching devaluation.

Although this devaluation will help most export industries, its beneficial effects are likely to be short-lived. Italy's economy is self-sufficient in only a few raw materials, and even in agricultural products Italy's self-sufficiency does not go beyond wine and fruit. Thus, a major devaluation has the effect of raising the price of basic imported goods like grain, meat and most drastically, petroleum. Since it is estimated that a 10-lira decline in the value of the lira vis-à-vis the dollar translates into an extra 200 billion lira (\$240 million) in Italy's oil bill, the recent devaluation portends an additional expenditure of 4 trillion lira (\$4.8 billion).⁶ This development threatens to reverberate adversely not only on the balance of payments problem, but also on the rate of inflation. The cost-of-living mechanism reflects most of the price rises due to the higher cost of energy, so the devaluation may well trigger another enervating round of the wage-price spiral.

In short, the Italian economy is at a point where rhetoric about “restructuring” will have to be translated into a coherent economic program. A number of measures are already before Parliament: an increase of the value-added tax on imported goods to lower demand for them; a reduction in production costs to be generated by shifting the financing of social security programs from private firms to the state; a change in the “scala mobile” to eliminate the pass-through of

oil price increases. Most of these “austerity” measures will require the support of Italy's united labor federation. Worker “restraint” is more likely to be forthcoming in the economy if it is rewarded with some trade-off at the level of the state. Thus, Italy finds itself at a turning point, with respect to a realignment of existing political configurations and with respect to an indispensable restructuring of the economy.

A Socialist premiership in and of itself would probably not resolve the question. As long as the PCI, the country's largest working-class party, is excluded from the government, labor's cooperation in the restructuring will be questionable. But a Socialist premiership might signal the beginning of the end of the Christian Democracy's 33 years of virtual monopoly over the state apparatus and a break with the “immobilisme” characteristic of Italian politics. Under such circumstances, it might become possible to establish, once and for all, the constitutional dignity of the Italian Communist party. ■

SPANISH DEMOCRACY

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celeration of regionalism and decentralization; and many pronouncements had been made by generals and right-wing politicians, accusing the government of wishing to balkanize Spain.

However well motivated, the shift was seen by Andalusia as proof of the discrimination with which it has been treated because of its small economic clout. Although all provinces except Almeria voted in favor of autonomy via Article 151, the constitution provides that all provinces must agree before this article can be made operative; thus autonomy was stopped in its tracks.

The way in which the government handled this issue, perhaps more than any other, was responsible for the steep decline in Suárez's popularity. Under heavy pressure, he relented in October and accepted the Socialist party's convoluted compromise: Almeria would follow Article 144 (whereby any one province may reach autonomy in its own way), whereas Andalusia would be governed by Article 151, and would receive its statute and subsequent autonomy.

Another region, Galicia, had its referendum in December, 1980. The low voter turnout (26 percent) may suggest that autonomy may be starting to lose its impetus in Spain, although other regions, particularly the Canary Islands and Valencia, are scheduled to undergo referendums in the coming years.

THE THREAT OF TERRORISM

ETA (Basque) terrorism continues to be a critical factor of Spanish democracy. More than 200 people—mostly military and police personnel in the Basque region—have been assassinated by the military wing

⁶*Corriere della sera*, February 2, 1981.

of the group since early 1979. The warnings that they would hit the coastal areas of Spain during the summers of 1979 and 1980 were at least partially responsible for the decline in tourism in Spain in the last two years.

The regime has been unable to deal effectively with this group. Although all political parties agree on the need for firmness, organizational and other problems make it nearly impossible to stop terrorism. First, although arrangements are now being worked out with the Basque government to provide the region with its own police force, the Civil Guard and the Spanish police still patrol this region. The former—and to a lesser extent the latter—still adheres to its traditional regulation of transferring its troops to posts outside their own provinces. This means that individuals who do not know the territory well and who are even less aware of the culture and traditions of the Basques continue to enforce the law. Low morale and uncertain local conditions make their job hazardous and frustrating.²¹

Second, a new security bill passed by the Cortes in October, 1980, allows for a suspension of the civil liberties of terrorists who can be held incommunicado for a period of time. It was discovered that a Basque nationalist had died after being tortured by members of the police in Madrid. This led to demonstrations and to the dismissal of a number of high-ranking officers of the force.

Third, it is difficult to estimate the extent to which the Basques support or condone the actions of these groups. Even the Basque Nationalist party, which governs the region, has not condemned their actions, although it is on record as deploring the killings. The murder of an atomic engineer in January, 1981, and the visit by King Juan Carlos to the region and his dignified and cool approach to the separatists appear to have rallied the forces of moderation around the Crown and the Spanish state. Furthermore, as much as their actions may have caused it, the attempted coup has now brought the ETA (politico-military), the less radical wing of the group, to seek a cease-fire with the Spanish government. It remains to be seen whether this foreshadows a change in Basque strategy. The future of Spanish democracy may well depend on how terrorism and separatism fare.

CONCLUSION

Although it is difficult to forecast how the February incident will affect the future of the regime, one can expect that the tension and discord that have prevailed since the March, 1979, election may diminish. The aborted putsch may, in fact, aid politicians of all persuasions who cherish democracy to seek a consensus on the essence of policies that will guide Spain. The spirit of the early transition period, epitomized by

²¹See the issue of *Cambio* 16, October 27, 1980, pp. 16-21.

the signing of the Moncloa pacts that served the country so well, must be confirmed in order to find common solutions to some of the nation's intractable problems. Calvo Sotelo, a serious man with a technocratic bent, who seems to have no personal ambitions of grandeur, may be well suited to lead Spain in the path of consensus. In the final analysis, disregard for the spirit of conciliation and compromise will threaten the future of the Spanish experiment in liberal democracy. ■

FRANCE UNDER GISCARD

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has placed great store in the fact that Iraq alone among Middle Eastern states has signed the nuclear nonproliferation treaty—an argument that weakens in light of the fact that France has not.

The region in which France's independent policies seem to have had the greatest success to date is Africa. French policies in this area are based on various interests. Economically, Africa is rich in raw materials, including the uranium deposits in Gabon and Niger that are necessary for France's nuclear energy program. Politically, France is concerned that Africa does not fall under the control of the Soviet Union or such pro-Soviet states as Libya or Angola. The reality of close French ties with most of the sub-Saharan states involves their inclusion in the "franc zone," in which currencies are pegged to the French franc. Historically, France regards Africa's former French territories as the continuing beneficiaries of Jules Ferry's *mission civilisatrice*. The educational systems of most of these states are based on French models, and France hosts some 20,000 African students in metropolitan universities. Through annual Franco-African conferences and the Lomé accords (dating from 1975), France has sponsored the special association of African states with the European Community. The association will provide aid in the form of 6 billion ECU credits between 1980 and 1985. Over the past year, French economic aid to Africa has been increased by 17 percent, to 4 billion francs.¹¹

France's military involvements in Africa have been designed to prevent the Soviet-backed regimes of Libya and Angola from extending their influence over states vital to French interests. Nearly 12,000 French troops are maintained in Africa, with the largest units in Senegal, the Ivory Coast, Gabon and Djibouti. Over the past few years, France has mounted frequent military operations in Africa: in Mauritania (1977 and 1979), Chad (1978 and 1979), and Tunisia (1980) against Libyan threats; in Shaba Province in Zaire

¹¹The ECU is equivalent to 5.18 francs or \$1.30. *French Embassy, Press and Information Division*, 80/55 (July, 1980), p. 2.

(1977 and 1978) against Angolan and Katanganese forces, and in the restoration of the Central African Republic in 1979.

In most cases, French actions were taken in accordance with three basic principles: (1) the involvement was at the request of the host government, whose sovereignty had to be respected, (2) the integrity of the inviting state had to be under threat from external forces and (3) the scale and duration of the operation had to be clearly limited. France has adhered to these conditions, with the exception of the 1979 overthrow of Emperor Jean-Bedel Bokassa's regime in the Central African Empire. Despite earlier embarrassing French associations with this regime, the excesses of "Bokassa I" brought few if any protests of France's action.¹²

Although the France over which Giscard d'Estaing has presided for seven years remains a respected world power, the credit for this achievement may be offset by other difficulties. One of the most serious problems facing France today is the current wave of anti-Semitism, of which the Rue Copernic bombing in September, 1980, was only one of many incidents. The outbreak of anti-Semitism, uncomfortably reminiscent of Vichy days, seems indirectly aggravated by France's Middle East policies and is compounded by the rise of neo-Nazi "New Rightist" groups. The reappearance of this phenomenon will call for strong leadership by the President of France during the next septennat.¹³

The New Right in France poses special problems for the government. In addition to neo-Nazi groups like *Fédération de l'action nationale et européenne* (FANE), there are the intellectuals of the *Groupe de recherche et d'étude pour la civilisation européenne* (GRECE), whose doctrines of elitist anti-egalitarianism and racial purity are found in quality book stores and in such media outlets as *Le Figaro Magazine*. Although the links, if any, between these groups are far from clear, their existence and activities pose a threat that only a stable and strongly led Republic can counter.

As was true of earlier French Republics, the Fifth has been marred by scandals. During Giscard's term alone, there have been the unexplained (and allegedly uninvestigated) murder of the Duc de Broglie in 1976 and the more recent suicide of Robert Boulin, Minister of Labor, in November, 1979. Although there have been allegations of underworld associations in the de Broglie case and of irregular property specula-

tion in Boulin's case, neither of these has been fully brought to light. On a more personal level, the President suffered a loss of respect and credibility for his acceptance, while Minister of Finance, of diamond gifts from the former ruler of the Central African Empire, Jean-Bedel Bokassa. Even if his belated explanation that he gave the diamonds to charity can be accepted, Giscard's long refusal to discuss the issue may be seen as an excessive abuse of executive privilege, even for a President of the Fifth Republic.

The final troubling factor with regard to the scandals or indiscretions was the surprisingly defensive and strong reaction of Giscard's government. The government's prosecution of the editor of *Le Monde* for articles that allegedly threatened "to undermine the authority and independence of justice" recalls the angry and arrogant actions that were the undoing of past French regimes. One of Giscard's greatest challenges was to pursue a moderate centrist policy that could accommodate the attacks of extremist critics while retaining the respect and legitimacy that the Republic needs in order to function. Perhaps even more than the scandals, Giscard's excessive reactions may seriously undermine the public's respect for the republic and its Chief of State. Earlier French rulers—Louis-Philippe again comes to mind—made the mistake of lashing out, usually with anti-press measures, against the critics of their regimes and persons. In 1848, the reaction only brought further discredit to the figure behind the ceremonial sash, whom the public came to think of as the caricatured "Poire" that Daumier had made so popular.

It would be unfortunate if Giscard yielded to the temptation of isolating himself within the Elysée fortress, instead of standing on his impressive record and confronting political challenges directly. It is in such circumstances that the paper caricature of the man becomes the public's reality. The parodies of a Daumier's pen, or the mockeries of the coarse comedian Coluche, then take on a significance far out of proportion to their value. This need not happen. Giscard d'Estaing's record has substance. The republic is basically stable; the economy is competitive; and France is respected. Whether or not it will remain so depends in large part on the President's handling of the scandals, real or rumored, and the parodists' taunts over the next seven years. ■

A NEW ERA IN GREECE

(Continued from page 219)

1978, Greek reintegration was blocked by Turkey, whose consent was required in accordance with the unanimity principle of NATO's military command. In exchange for its agreement, Turkey was demanding that bilateral Greek-Turkish differences over sea and air rights in the Aegean be resolved to Turkey's

¹²Jeff B. Harmon, "His Former Majesty, Bokassa, and the Flourishing French Empire in Africa," *Harpers*, vol. 260 (May, 1980), pp. 34-39. *Economist*, February 16, 1980, pp. 15-16.

¹³Raymond Aron, "Antisémitisme et terrorisme," *L'Express*, October 18, 1980; Flora Lewis, "History and Politics Blend into a Special Anti-Semitism," *The New York Times*, October 12, 1980.

satisfaction. In particular, Turkey was adamant that the pre-1974 command structure in the Aegean be declared null and void and renegotiated to give Turkey a larger share of sea and air operational responsibility.³ Various attempts by General Alexander Haig, Jr. (in his capacity as NATO commander), failed in 1978 and 1979; although the 1978 Haig-Davos accord was agreed to by all parties including Turkey at a Brussels meeting in September, Turkey reneged soon thereafter. Renewed attempts were unsuccessful through early 1980.⁴

On February 22, 1980, and without any forewarning,⁵ the Turkish general staff lifted Notice to Airmen (NOTAM) 714 which Ankara had issued in August, 1974, arbitrarily dividing Aegean airspace in half. Greece responded by lifting NOTAM 1157, thus reopening Aegean air corridors to international aviation. These acts and the June, 1980, meeting between the Greek and Turkish Foreign Ministers during the Ankara NATO ministerial session, where it was agreed that Greece and Turkey would resume bilateral talks and would refrain from acts discrediting each other, improved the atmosphere but yielded no results. The Greek government's decision to link the signing of the United States-Greek defense agreement with NATO reintegration and to withdraw from NATO altogether if that were not forthcoming, made a solution imperative. With bilateral Greek-American negotiations on United States bases in Greece about to begin, the Greeks argued that United States bases could function on Greek soil only in the context of

NATO and that if a NATO member was obstructing Greece's role in NATO, then the United States bases had to go.⁶

Although details are not publicly available, soon thereafter (and following some shuttle diplomacy by General Rogers between Brussels, Ankara and Athens) an agreement was reached, although its terms remain secret. It apparently involves a general framework (with details to be worked out later within NATO) under which Greece is reintegrated into the NATO command structure under the pre-1974 conditions with the proviso that matters that were outstanding at the time of its withdrawal will be subject to negotiation. The establishment within NATO of a Greek air command at Larissa to balance the air command at Izmir in Turkey and the recently announced Greek easing of restrictions on airspace over the Aegean give some indication of the agreed framework, although it is by no means certain that bilateral Greco-Turkish differences are actually close to resolution.

After a three-day debate that ended on October 24, the Rallis government received a vote of confidence in the Greek Parliament. The Opposition did not believe the government's claim that the Rogers formula entailed no Greek concessions and argued that Greece had returned to NATO while the conditions that had caused its withdrawal remained unchanged. During the confidence vote, PASOK's deputies, along with the representative of the Communist party of the Interior (KKE-Interior), walked out in protest.⁷

The Rallis government may deflect reintegration criticism, which has also been reflected in street demonstrations, if it manages to secure favorable terms in the ongoing negotiations for the restoration of United States bases in Greece. Aside from ensuring that the bases will function in conformity with Greek sovereignty, the primary Greek concern is that United States military aid to Greece will maintain the traditional 7:10 ratio in United States military assistance to Greece and Turkey respectively. Greek negotiators have also been studying the March, 1980, United States-Turkish Defense Cooperation Agreement, to ensure analogous treatment for Greece, especially with regard to the establishment of an armaments industry. According to press reports, Greece will also seek to secure a United States commitment, stronger than that given by Secretary of State Henry Kissinger in 1976, to the effect that the United States will oppose any change of the status quo between Greece and Turkey by force in the Aegean.⁸

PARTIES AND PLATFORMS

New Democracy under Rallis has been following the basic guidelines chartered by the last Karamanlis government. This means full Greek integration into the Common Market, whose tenth member Greece

³The whole range of Greek-Turkish disputes and relations with the United States are treated in scholarly detail in *Turkey, Greece and NATO: The Strained Alliance—A Staff Report to the Committee on Foreign Relations, U.S. Senate, 96th Congress, 2nd Session* (Washington, D.C.: Government Printing Office, 1980), *passim*.

⁴Details on the negotiations and the various plans and counterplans submitted during this period have periodically been revealed. See in particular Yiannis Roubatis in *To Vima*, September 10 and October 22, 1978; May 20, 1979; and March 16 and August 10, 1980.

⁵Not even officials in the Turkish Ministry of Foreign Affairs were aware of the impending action, according to the Turkish daily, *Cumhuriyet*, February 23. In fact all decisions involving national security have been in the hands of the Turkish military.

⁶See the interview of Premier Rallis by Mario Modiano, *The Times* (London), August 19, 1980. See also Nicholas Gage, "Greece Says NATO Role Is its Price for U.S. Bases," *The New York Times*, September 5, 1980 and Jim Hoagland, "Greece Threatens to Cut Ties to NATO," *The Washington Post*, October 1, 1980.

⁷The vote was 182 to 20. Five independents and two members of the rightist National Front voted with New Democracy. The leftists, democratic socialists and Communists voted against the government.

⁸In 1976 the wording was "the United States would actively and unequivocally oppose either side's [Greece/Turkey] seeking a military solution, and will make a major effort to prevent such course of action."

officially became on January 1, 1981; full political and military participation in the Atlantic Alliance; completion of a new bilateral defense agreement with the United States; to the extent that it depends on Greece, the peaceful resolution of pending bilateral Greco-Turkish differences; firm support to the Cyprus government until a just and viable solution of Greek Cypriot and Turkish Cypriot problems can be found for the island republic; the continuation of Greece's excellent relations with her Balkan neighbors and East Europe; and the further cultivation of friendly relations with other countries, in particular those of the Middle East.

On the domestic front, the economic goals of the Rallis government include the further industrialization of the country through conventional development policies; favorable conditions for foreign direct investment; incentives to the private sector; government involvement in the energy and armaments fields to reduce foreign dependence as much as possible; and regional development, with particular emphasis on the agricultural sector. In the latter case, the goal is to make agricultural income comparable to income in non-agricultural occupations. The inflow of EEC funds for agricultural price supports is expected to help in this task.

The brand of populist socialism espoused by Papandreou's PASOK offers the electorate a choice. Domestically, PASOK advocates the restructuring of the economy to permit self-supporting economic and social development within the framework of national, decentralized and self-administered planning.⁹ This includes the socialization (as opposed to nationalization) of strategic economic sectors (e.g., banking and credit, transportation and communications, energy resources, export and import agencies), administrative decentralization, self-governing management boards representative of group interests (e.g., workers, consumers, local government), and the development of voluntary agro-industrial cooperatives that can benefit from economies of scale.

In foreign affairs, PASOK's outlook also differs from that of New Democracy, but it is not so radical as it may sound. And with elections less than a year away a pragmatic attitude toward issues has been discernible.

PASOK continues to maintain that a special agreement, giving Greece more control of imports and foreign capital, rather than full membership in the EEC, would better serve Greek economic interests.

⁹See Papandreou's November 9 address before the PASOK cadres in *Eleftherotypia*, November 11, 1980.

¹⁰See the interview with Yiannis Roubatis in *Greek Accent*, vol. 1, no. 9 (April, 1981).

¹¹See the disclosures by Claudia Wright in *The New York Times*, February 27, 1980 (Op. Ed.), and the reaction in Athens in *To Vima*, February 28, 1980.

PASOK is calling for a referendum, the results of which PASOK has promised to respect if it comes to power. A referendum of course must be called by the President. Whether or not a referendum is called, a PASOK government is not likely to differ from other EEC members (e.g., France, Italy, Great Britain) in its behavior toward provisions of the Treaty of Rome that may be perceived as incompatible with national economic policies.

In foreign policy, particularly on the issue of Greece's relations with the Atlantic Alliance and the United States, PASOK's attitude has recently been qualified. The Rallis decision to rejoin NATO was severely criticized; a PASOK government, it was said, would not be bound by any NATO-sponsored changes between Greece and Turkey affecting the Aegean sea and airspace that PASOK might regard as contrary to Greek national interests. But whether Greece would withdraw from NATO under a Papandreou-led government has been left open. In his November 9 address, Papandreou stated that PASOK would probably consent to Greek participation in an alliance if conditions necessitated it and if that alliance contributed toward "our attaining national independence and defense of our territorial integrity without any one country being sovereign over the others." When he was asked under what conditions PASOK would "consider Greece's participation in the Atlantic Alliance as useful for the Greek national defense," his response was:

NATO is unwilling to guarantee the frontiers of Greece from Turkish aggression, while at the same time it arms Turkey to the teeth. Under these circumstances why should Greece belong to it?¹⁰

In both cases the signal is there; the door is left open.

With regard to the presence of United States bases on Greek territory, Papandreou has called for their renewal, but he has stressed the fact that he would accept their temporary presence "on the condition that the Greek national defense system becomes completely independent of activities in such bases."

On one issue Papandreou remains firm: he is adamantly opposed to the presence of nuclear weapons on Greek territory. The recent public disclosure of their existence in Greece provoked an intense political debate, with the opposition questioning the government's credibility and calling for its resignation.¹¹ Except for the nuclear issue, it is evident that patient and constructive diplomacy on the part of NATO and the United States with regard to the delicate issue of Greek-Turkish relations can allay apprehensions and can preempt undesirable consequences should the Greek electorate vote PASOK into power.

The prospects for PASOK coming to power are real, because PASOK is in an advantageous situation vis-à-vis New Democracy. The latter, in power since 1974, is suffering the normal decline of voter support

associated with any ruling party. It has also had to make major decisions like that of Common Market entry, whose positive results, particularly in the economic field, will take time to filter through and whose short-term effects will cause economic hardships. And while the average voter is unlikely to comprehend integration economics, the economics of inflation, running at a rate of over 25 percent in 1981, are simple. Premier Rallis has provided able leadership and the Rallis style—constructive and non-confrontationist—has been a positive factor in the political scene. But without the charismatic Karamanlis New Democracy may suffer additional voter attrition.

Still, PASOK must substantially increase its share of the votes, if it is to form a majority government; in 1977, it obtained about 26 percent to about 43 percent for New Democracy. That is not easy. Papandreou has stated flatly that PASOK will not form any pre-election alliances. Papandreou has ruled out any postelection coalition alliances with New Democracy and the Communist Party of the Exterior (which commands about 10 percent of the votes with 11 seats); but cooperation with small parties of the center is not excluded.

ROLE OF THE CENTER PARTIES

The real possibility that neither major party will obtain a majority in 1981 suggests that the centrist parties may play a vital role. Together, on the basis of the 1977 elections, the center (subdivided into several small parties/groups) has a strength of 15 deputies in Parliament. The main parties/groups are the Union of Democratic Center (EDIK) led by I. Zigidis, the Party of Democratic Socialism (KODISO) led by I. Pasmazoglou, and the new Center Rally led by G. Mavros who, on account of his leadership role in the past, is the most prestigious centrist politician. Cognizant of their potential role and opportunity, these politicians are currently attempting to create some unity in their ranks.

But their philosophical and political differences have so far prevented this. Some, like Mavros, maintain that the center has a strategic role to play, not as a conventional party per se but as a political force that would guarantee political moderation and would contribute to the further democratization of society in such areas as syndicalism in the countryside and trade unionism. The KODISO leadership, on the other hand, aspires to play a party role similar to that of the social democratic parties of West Europe, but its lack of strength is a handicap. Zigidis's EDIK stands somewhere between.

Both New Democracy and PASOK have been drawing strength away from the center. In view of the fact that the electoral system favors the larger parties, the role of the once popular center may become academic if no pre-election unity is achieved. This

prospect alone should be sufficient to bring unity and thus place the center in a position to play the crucial role of coalition partner.

With the outcome of the 1981 elections uncertain, President Karamanlis's role cannot be underscored or ignored. He is emerging as a leader second perhaps only to the great Cretan patriot Eleutherios Venizelos. Because he played a determining role in the re-emergence of Greece after the dictatorship, he is seen by almost all Greeks as the ultimate safeguard. He will not, of course, be President forever, and no system least of all a democratic one can afford entrenched influence. But as the Greek voters test their nascent democratic polity for a third time, they are relieved to have the old man around.

A final comment on Greek domestic politics. The major political parties and the major actors have accepted the legitimacy of the democratic system. Moreover, consultations and cooperation among the Greek political leadership on vital issues is greater than any one of them would admit publicly.

Greece has entered a new era symbolized by democracy through participation, and membership in the EEC reinforces this development. Hard times lie ahead, particularly in the economic sphere. But in the era of economic interdependence Greece will not be suffering these hardships alone.

Relations with Turkey represent the one area where it is not entirely up to Greece whether bilateral conflicts will be resolved. Greco-Turkish relations improved considerably during 1980, and bilateral talks have been going on for some time. But Greeks see the revisionist Turkish policy in the Aegean as a portent of Turkish expansionism. Turkey's refusal to submit various disputes to binding third-party arbitration reinforces Greek suspicions. So does the continued presence of a Turkish occupation force in Cyprus, a country with which Greece has strong cultural and ethnic links.

The peaceful resolution of Greco-Turkish differences is essential. The arms race between the two countries, absorbing about 20 percent of their respective gross national products, is sufficient reason for a settlement. Wise statesmanship and the constructive help of friends and allies and international institutions ought to make such a settlement possible. ■

SOVIET POLICY IN WEST EUROPE

(Continued from page 221)

Soviet leaders have not been frank in providing independently verifiable data on the size of their armed forces prior to any carrying out of cuts. But they have sought to keep the talks going, with the Soviet troop withdrawal of 20,000 troops from East Germany the latest sign of this.

Soviet negotiations reflect the notion that parity or

a stabilization of a correlation of military forces on anything other than a temporary basis is unacceptable. There must be a margin of Soviet superiority except where Soviet forces are markedly inferior and parity is a step in the right direction.

Soviet leaders support their position that the balance is "more or less equal" by quoting American statements, like then Secretary of Defense James Schlesinger's statement to the United States Senate Foreign Relations Committee on July 27, 1973, that the situation in Europe was "fairly stable" and a subsequent remark that NATO and the Warsaw Pact had "more or less numerical equality." They also quote West German Federal Minister Walter Scheel who declared that troop reductions in Central Europe must not change the "existing balance of forces." Soviet leaders claim that focusing on the balance in terms of ground forces alone ignores other elements of the balance, like air forces (where the Soviet Union and Warsaw Pact have also made gains), and nuclear weapons.

Soviet leaders argue that in the event of a military conflict in Europe, "the relationship of forces in Central Europe cannot be regarded in isolation from other regions and from the global balance as a whole, especially if we remember that the mobile forces, the air force, the missile units, the naval forces, etc., now make up a large proportion of the armed forces as a whole, and that their sphere of operation cannot be limited to any particular area."

While Central Europe is the main area of confrontation between NATO and the Warsaw Pact, a military clash there "would not be confined to this region alone." Instead, it would develop into a "global conflagration between NATO and the Warsaw Treaty Organization, other countries possibly being involved, too." In this event, the "global balance of forces would be critical" and here NATO countries are far superior to the Warsaw Treaty countries.

An analysis of Soviet force deployments in European regional contexts other than the central front area (where the large concentration of forces on both sides limits the scope of military pressure and the credibility of Soviet aims) reveals the mixed motive character of Soviet policy. Moscow's relations with the Scandinavian countries reflect this ambivalence. The seas adjacent to northern Europe have become more important to the Soviet Union in recent years. Oil resources have been found in the North Sea and there is a possibility that petroleum and natural gas deposits might be found in the Barents Sea off the North Cape and the Kola Peninsula. This complicates Soviet relations with Norway, already made more delicate by the fishing rights issue.

But the military significance of northern Europe is particularly critical for the Soviet Union. The Soviet Union's Northern fleet is totally dependent on the

400-mile gap between Spitzbergen and the Scandinavian mainland to enter the Atlantic Ocean. NATO has increased its electronic and aerial surveillance of the area in recent years and the Soviets have expressed concern. Passage out of the Arctic water is critical for the Soviet Union, not only for defensive purposes but also to project Soviet naval air power beyond Soviet territorial boundaries. Therefore, the Soviet Union carefully notes and criticizes Western efforts to affect the military balance in this area. Such criticism has recently take the form of polemics against Norway's plans for creating a permanent weapons depot for outfitting an American marine brigade that could land on Norwegian soil in an emergency. The Soviet Union has assigned all its western-based strategic submarines and a large proportion of its overall strategic submarines to its Northern fleet. There are also indications of greater parity in allocating surface vessels including cruisers to that fleet. The Soviet position toward the northern area thus reflects geopolitical realities and the Soviet perception of the strategic value of the area.

A consideration of the northern area of Europe in connection with Soviet policy inevitably raises the issue of "Finlandization." In a general sense, "Finlandization" means a process or state of affairs in which a state maintains friendly relations with the Soviet Union but at the expense of its sovereignty.

Does Finlandization apply to West Europe or indeed to Finland itself? The record is clearly a mixed one and raises subtle internal European issues. In West Germany, greater independence from United States policy has apparently not led to a transference of dependence on the Soviet Union. Despite its delicate position, directly confronting Soviet military power and seeking to improve relations and increase human contacts with its fellow countrymen in East Europe, West Germany has not been Finlandized.

In the Nordic area, Norwegian politicians have evolved the theory of Nordic balance. In response to fears that it might unduly antagonize the Soviet Union, Nordic balance is said to counter Soviet pressure on Finland. Furthermore, the Norwegians claim that their freedom to lift self-imposed qualifications of their NATO association (no nuclear weapons, no foreign troop contingent, no NATO exercises near Soviet territory) deters Soviet designs on Finland. Norway has also increased its defense budget and sentiment is more pro-NATO than ten years ago. Finlandization cannot fairly be used to describe the current status of Soviet relations with Norway, Denmark, Sweden or Iceland.

The Finnish case, however, exemplifies two other means of Soviet leverage over the foreign policies of West European states: the presence of Communist parties, and the economic instrument. In the former case, Soviet authorities might welcome the coming to

power of Communist parties, especially in Italy and France where they would indicate a dramatic defeat for "Atlanticism." "Successful" governments there, even if formally continuing NATO membership, would undermine the political cohesion and military effectiveness of the NATO alliance.

The actual seizure of power by a Communist party or even sharing of power in a coalition government at least initially (the preferred public strategy of the Italian and Spanish Communists and to a much lesser extent the French Communists) poses multiple problems. A sharp turn to the left in Portugal, for example, might bring Western military intervention, a rightward, "fascist" turn within Portugal or even, in the context of economic woes in West Europe, a sharp rightward turn in France or West Germany. Short of these calamities, a more militant, pro-NATO mood in key countries like West Germany would not be welcome. Soviet comments reflect a Soviet diversity of views on these questions, with those pushing détente and especially a new SALT agreement relatively more cautious about revolutionary developments.

The "Eurocommunist" parties present another set of problems. The Communist parties of Spain and Italy, in particular, have sought some measure of independence from the Soviet organizational model. In foreign policy the Spanish party (PCE) has advocated a neutralist socialist Europe tied to neither camp. But the differences between the "Eurocommunist" and the Soviet parties appear manageable from the standpoint of Soviet deviation control. Despite the fact that "Eurocommunist" parties oppose the Soviet Union in modifying the Leninist model to be more viable domestically, they have for the most part not shown much interest in disobeying it on matters of major international concern. Ultimately, a Communist assumption of power in a West European country might be desirable to the Soviets, but it is hardly likely and in current conditions it may be counterproductive.

The Soviet Union is also interested in West Europe because it wants to import high technology and industrial goods from West Europe and believes that West Europe wants certain Soviet materials, especially oil and natural gas. While the United States might be able to afford the loss of the socialist market, in the Soviet view this would be a "serious blow" for West Europe. Trade with socialist countries guarantees work for 2 million people in developed capitalist states according to Soviet estimates, which is a large figure when one considers that in West Europe 6 million workers are unemployed. While the United States is accused of seeking to utilize economic relations in order to influence the Soviet political system, impeding the détente process, West Europe utilizes trade-economic ties with the East, which in the final analysis strengthen détente.

An increase in Soviet trade with West Europe helps the Soviet Union facilitate an atmosphere of détente, enables the bloc to acquire high technology and manufactured items and also confirms that the Soviet Union is an "equal" partner, a major consideration in Soviet dealings with the industrialized countries of the West. But does it offer an important lever for influence within Western countries, that is, does the Soviet export of materials including oil and natural gas, provide political leverage? Conversely, does the availability of the Soviet Union as a customer for West European products provide leverage in a sometime depressed world market? Would this leverage split West Europe from the United States, particularly when West Europeans have periodic doubts about United States foreign policy acumen and are loath to give up or restrict economic ties with the Soviet Union in the interests of NATO solidarity?

Soviet "economic dependence" on West Europe has not been large. Soviet interest in imports of Western machinery and know-how, especially since the 1960's, has not been translated into a "decisive increase in their importance" to the Soviet economy. This is not too surprising, because machinery trade in exports from the Soviet Union remains "pitifully small." The pattern is one of selective importance; imports of Western machinery are more important for some sections of the Soviet economy, compared to imports from other sources. These key areas are computers and equipment for the motor industry.

But there is little Soviet dependence on West Europe for material in coal mining, iron and steel, electric power supply, and agriculture as well as in the defense industry. There is much greater importance for technology transfer in chemicals, the motor industry, food processing, some light industry, timber, paper and pulp as well as, of course, computers. While West Europe remains the predominant source of machinery supplies to the U.S.S.R., it is not a "qualitatively large source of Soviet growth." Soviet spokesmen often reveal a "sense of loss" that the Soviet Union has been left out of the rapid circulation of new technology in the West.

Nor are European Common Market (EEC) countries dependent on the Soviet economy as customers or as energy suppliers. In the case of oil, the Soviet Union's share of the EEC and the world market is small and by itself has only a marginal influence on the market for oil. Some Western firms may become dependent on Soviet suppliers of parts for industrial products but any "substantial dependence" of the EEC as the result of industrial cooperation with the East is a "long way off." Soviet purchases may well be useful for sectors where there are surpluses or surplus capacity, like the computer industry, and might be a factor in the sales of particular firms. The Soviet

(Continued on page 240)

THE MONTH IN REVIEW

A Current History chronology covering the most important events of March, 1981, to provide a day-by-day summary of world affairs.

INTERNATIONAL

European Economic Community (EEC)

(See *China*)

International Monetary Fund (IMF)

(See also *China*)

Mar. 27—Managing director of the 141-nation International Monetary Fund Jacques de Larosière announces that the fund will receive \$4.9 billion a year for the next 2 years from Saudi Arabia for a new lending program to poor countries.

International Terrorism

Mar. 9—A Pakistani domestic airliner, hijacked March 2 and held at Kabul airport in Afghanistan for 6 days, is flown to Damascus, Syria, with some 111 hostages on board; the 3 hijackers are demanding the release of 92 Pakistani political prisoners. 3 Americans are among the hostages.

Mar. 12—The Pakistani government agrees to free 55 of the prisoners in order to prevent the hijackers from blowing up the plane and the hostages.

Mar. 14—Syria agrees to give asylum to the Pakistani prisoners and the 3 hijackers surrender to Syrian chief negotiator Brigadier General Mohammed Kholi and free the more than 100 hostages who have been held in the airliner for 13 days.

Mar. 28—Terrorists hijack a Garuda Indonesian Airways plane and force it to land at Bangkok, Thailand; they are demanding the release of 20 prisoners in Indonesia.

Mar. 31—In Bangkok, Indonesian commandos assault the hijacked plane, freeing 55 hostages and killing 4 of the 5 hijackers; U.S. citizen Karl Schneider was wounded in an escape attempt on March 29.

Persian Gulf Crisis

Mar. 1—In Teheran, Iranian leader Ayatollah Ruhollah Khomeini tells a 9-member Islamic peace mission that Iran will not negotiate with Iraq until all Iraqi forces are withdrawn from Iranian territory.

Mar. 7—Iraqi military forces intensify action against Ilam province and Khurramshahr.

Mar. 15—Baghdad radio reports Iraqi President Saddam Hussein's offer to supply Iranian rebels with weapons and other assistance to fight the present government.

Mar. 23—Speaker of the Iranian Parliament Ayatollah Hashemi Rafsanjani says that Iran will not accept a cease-fire until Iraqi President Hussein is overthrown.

Heavy fighting is reported in Kermanshah Province in West Iran.

Mar. 30—After reporting failure in its efforts to negotiate an Iran-Iraq truce on March 12, the Islamic peace mission returns to Teheran to renew its efforts.

United Nations

(See also *U.S., Foreign Policy*)

Mar. 2—In the U.N., the General Assembly votes to deny

South Africa its seat because South Africa's delegates represent only the white minority.

Mar. 6—The General Assembly votes 114 to 0 with 22 abstentions, including the U.S., Canada, West Germany and Britain, to condemn South Africa and urges the Security Council to impose sanctions against it for delays in granting South West Africa (Namibia) its independence.

Mar. 13—The Law of the Sea Conference, meeting in New York, elects Tommy Koh of Singapore as president.

Mar. 27—Secretary General Kurt Waldheim meets with U.S. chief delegate to the U.N. Jeane J. Kirkpatrick to express the concern of African nations over a possible shift in U.S. policy toward South Africa.

AFGHANISTAN

Mar. 14—U.N. High Commissioner for Refugees Poul Hartling says there are currently 1.7 million Afghan refugees in Pakistan.

ARGENTINA

Mar. 6—In Buenos Aires, Judge Martin Anzoatequi orders the security forces to release the 6 human rights activists they arrested last week on charges of violating national security laws.

Mar. 17—In Washington, D.C., General Robert Viola, President-designate of Argentina, meets with U.S. President Ronald Reagan and Secretary of State Alexander M. Haig, Jr.

Mar. 20—Former President Isabel Martínez de Perón is sentenced to 8 years in prison on charges of corruption; she was arrested 5 years ago when a military coup ousted her from office.

Mar. 29—General Roberto Eduardo Viola, former commander in chief of the armed forces, is sworn in as the nation's 38th President.

BELGIUM

Mar. 31—Prime Minister Wilfried Martens submits his government's resignation to King Baudouin.

CANADA

(See also *U.S., Foreign Policy*)

Mar. 30—Minister of the Environment John Roberts warns U.S. government officials that if the U.S. fails to take effective action to reduce the acid rain that falls on Canada from the U.S., U.S.-Canada relations will be seriously affected.

Mar. 31—The Newfoundland Court of Appeals rules that Prime Minister Pierre Elliott Trudeau's proposal to amend the constitution without overall provincial consent is illegal.

CENTRAL AFRICAN REPUBLIC

Mar. 15—Nationwide parliamentary elections are held.

Mar. 19—President David Dacko is reelected for a 6-year term; he receives 50.23 percent of the vote and former Prime Minister Ange Patasse receives 38.11 percent.

Mar. 20—President Dacko declares a state of emergency when supporters of former Prime Minister Patasse protest the election results.

CHAD

Mar. 16—Egyptian Foreign Minister Kamal Hassan Ali confirms reports that Egypt is supplying arms to the guerrillas led by former Chadian Defense Minister Hissene Habré, who is fighting the Libyan-supported forces of President Goukouni Oueddei.

CHINA

(See also *U.S., Foreign Policy*)

Mar. 2—In Washington, D.C., the International Monetary Fund approves a \$550-million loan to China.

Mar. 8—The government announces a \$3.3-billion bond issue, its first since the 1950's.

Mar. 17—The European Economic Community (EEC) grants China \$6.2-million worth of food through the U.N. Disaster Relief Organization; China appealed for the aid because millions of people in Hubei and Hebei provinces are facing starvation.

COLOMBIA

Mar. 7—Guerrillas of the April 19 Movement kill Chester A. Bitterman 3d, U.S. linguist and lay missionary, whom they have been holding captive since January 19; the guerrillas accused Bitterman of spying for the U.S. Central Intelligence Agency and demanded that his employer, the Summer Institute of Linguistics, leave the country.

Mar. 9—Government security forces detain more than 40 people for questioning in the Bitterman murder.

COSTA RICA

Mar. 17—In San José, 3 U.S. embassy guards are wounded when a bomb detonated by remote control explodes.

CUBA

(See *U.S., Foreign Policy*)

EGYPT

(See also *Chad*)

Mar. 2—Defense Minister Ahmed Badawi and 13 other military officers are killed when their helicopter crashes outside Cairo.

Mar. 4—Lieutenant General Abdel Halim Abu Ghazzala is appointed Defense Minister.

Mar. 21—In Washington, D.C., U.S. State Department spokesman William Dyess announces that the U.S. and Egypt have signed a nuclear power accord; Egypt may purchase U.S. nuclear reactors and fuel for a 2,000-megawatt power generating program.

Mar. 31—President Anwar Sadat confirms reports that Egypt is selling ammunition and spare parts to Iraq.

EL SALVADOR

(See also *U.S., Foreign Policy*)

Mar. 1—Representatives of the Social Democratic parties of Latin America offer to act as mediators between the U.S.-supported government of El Salvador and leftist forces.

Mar. 2—In Washington, D.C., U.S. State Department spokesman William J. Dyess announces that the State Department will increase its military assistance to El Salvador, sending \$25-million worth of military equipment and an additional 20 military advisers.

Mar. 24—Leftist guerrillas observe a 24-hour cease-fire to mark the anniversary of the assassination of Archbishop

Oscar Arnulfo Romero; the leftists say they will continue to fight against the U.S.-backed government until all U.S. military aid is withdrawn.

Mar. 26—In San Salvador, gunmen fire on the U.S. embassy; U.S. marines open fire on the attackers. No one is injured, but the embassy building suffers extensive damage.

GERMANY, WEST

(See also *U.S., Foreign Policy*)

Mar. 7—Defense Minister Hans Apel announces a cutback in military spending of about 2 percent over the next two years.

Mar. 8—The Young Democrats, an arm of the Free Democratic party of Foreign Minister Hans-Dietrich Genscher, urge West Germany to reject the NATO (North Atlantic Treaty Organization) plan to station new medium-range missiles in Europe.

Mar. 24—In a nationwide raid on about 450 homes, police confiscate banned neo-Nazi propaganda smuggled into West Germany from the United States.

GREECE

(See *Libya*)

INDONESIA

(See *Intl, International Terrorism*)

IRAN

(See also *Persian Gulf Crisis*)

Mar. 8—In Teheran, former Islamic Judge Ayatollah Sadegh Khalkali demands the resignation of President Abolhassan Bani-Sadr because of the violence that followed a rally last week between Bani-Sadr's supporters and militant Muslims; 45 people were injured.

Mar. 16—Ayatollah Khomeini establishes a 3-member reconciliation committee to stop the public feuding between President Abolhassan Bani-Sadr and the right-wing Islamic Republican party; public speeches by political leaders are banned until the Iran-Iraq war ends.

Mar. 17—Former Deputy Prime Minister Abbas Amir Entezam goes on trial on charges of helping the U.S. Central Intelligence Agency. Entezam was a member of the government of Mehdi Bazargan, the first government after the Islamic revolution.

Mar. 29—In Shiraz, Ayatollah Rabbani Shirazi, Ayatollah Khomeini's personal representative, is wounded by 2 gunmen. The Forghan (an extremist guerrilla group) claims responsibility for the assassination attempt.

IRAQ

(See *Intl, Persian Gulf Crisis; Egypt*)

ISRAEL

(See also *Lebanon*)

Mar. 9—The Cabinet protests the recent U.S. decision to sell electronic surveillance and command planes to Saudi Arabia.

Mar. 15—The former deputy mayor of Jerusalem, Meron Benvenisti, announces the formation of a new political party, the Peace and Civil Liberties Movement, to run in the June 30 parliamentary elections; the new party is calling for Israeli disengagement from the occupied West Bank.

JAPAN

Mar. 10—Foreign Ministry spokesman Tamio Amau says that Japan will sell more than 400,000 tons of surplus rice

(\$200-million worth) to South Korea because of the South Korean crop failure.

Mar. 14—Director of the Japanese Defense Agency Akira Shioda tells Parliament that even in an emergency nuclear weapons will not be permitted into the country or in its territorial waters.

Mar. 24—Foreign Minister Masayoshi Ito arrives in the United States for talks with U.S. President Ronald Reagan and Secretary of State Alexander Haig, Jr.

KOREA, SOUTH

(See also *Japan*)

Mar. 24—On the eve of the presidential elections, opposition leader Kim Young Sam, under house arrest since May, says the upcoming elections are meaningless because President Chun Doo Hwan controls all media and rules South Korea by fear.

Mar. 26—With about 90 percent of the votes in from yesterday's nationwide elections, President Chun Doo Hwan's Democratic Justice party wins 88 seats in the National Assembly; the Democratic Korea party wins 54 seats.

LEBANON

Mar. 16—An Israeli-backed Christian force attacks a village in southern Lebanon; 2 U.N. peacekeeping force soldiers are killed and 11 are wounded.

Mar. 26—Prime Minister Shafik al-Wazzan announces his decision to send a 600-man Lebanese contingent to join the U.N. peacekeeping troops in southern Lebanon.

LIBYA

Mar. 12—The official Moroccan news agency reports that Libya has signed a contract with a private West German firm to purchase medium-range missiles capable of carrying nuclear warheads.

Mar. 19—Angered by Greece's decision to give political asylum to a Libyan pilot last month, Libya cuts off oil shipments to Greece; Libya supplies 15 percent of Greece's oil imports.

MAURITANIA

Mar. 16—Mauritanian radio reports an unsuccessful coup attempt by Morocco-supported insurgents.

MOROCCO

(See *Mauritania*; *U.S., Foreign Policy*)

MOZAMBIQUE

Mar. 4—4 U.S. diplomats and 2 of their wives are detained by the government and, after questioning, are expelled; they are accused of espionage, subversion and interference in the government's affairs.

Mar. 20—In Washington, D.C., U.S. State Department spokesman William J. Dyess says that the U.S. has decided to stop all shipments of food aid to Mozambique in retaliation for the expulsion of the U.S. officials.

NIGERIA

(See *U.S., Foreign Policy*)

PAKISTAN

(See also *Intl, International Terrorism*; *U.S., Foreign Policy*)

Mar. 21—24 members of political groups opposed to the government of President General Mohammad Zia ul-Haq are arrested in Islamabad; in the last month, more than 1,000 political activists have been arrested and detained.

Mar. 25—The nation's Chief Justice and 8 other senior judges are dismissed from their posts after they refuse to sign a new oath of office allowing the President to change the constitution.

PHILIPPINES

Mar. 21—In Manila, 6,000 people demonstrate against President Ferdinand E. Marcos's plan to amend the constitution to allow him to remain as President indefinitely.

POLAND

(See also *U.S., Foreign Policy*)

Mar. 4—In Moscow, Polish Communist party leader Stanislaw Kania, Prime Minister Wojciech Jaruzelski, and other Polish Politburo members meet with Soviet President Leonid I. Brezhnev, KGB chairman Yuri V. Andropov, Foreign Minister Andrei A. Gromyko, and other high-level Soviet officials.

Mar. 5—In Warsaw, police detain Jacek Kuron, a dissident leader and adviser to the trade union movement, for seven hours for questioning.

Mar. 10—In Lodz, workers stage a one-hour strike to protest the dismissal of 4 workers by the Interior Ministry.

Mar. 16—In Radom, workers call off a planned work stoppage after 2 local officials resign.

Mar. 19—In Bydgoszcz, police break up a rally held by independent farmers who are demanding the right to form an officially recognized union; several union activists are beaten by police.

Mar. 20—Workers stage strikes in 4 northern cities to protest yesterday's police action against union activists, and Solidarity, the nation's independent trade union, declares a nationwide alert.

Mar. 22—In Warsaw, government officials and labor union leaders talk for 5 hours about the recent police action in Bydgoszcz; the talks are scheduled to continue.

Mar. 27—Workers throughout the country stage a 4-hour work stoppage to protest police violence toward union activists; this is reported to be the largest organized work protest in Poland since 1945.

Mar. 29—In Warsaw, the Central Committee of the Communist party holds an emergency session.

Mar. 31—Solidarity's national commission ratifies an agreement reached yesterday between government officials and Solidarity leaders to call off the nationwide strike called for today; 2 deputy governors of the Bydgoszcz region resign.

ROMANIA

Mar. 26—In an effort to solve the country's economic problems, 2 Cabinet officials are dismissed; Finance Minister Paul Niculescu is replaced by Petre Gigea, and the head of the State Planning Committee, Nicolae Constantin, is replaced by Emilian Dobrescu.

SAUDI ARABIA

(See *U.S., Foreign Policy*)

SOUTH AFRICA

(See also *Intl, U.N.*; *U.S., Foreign Policy*)

Mar. 17—South African Defense Force jets attack a guerrilla base in Angola belonging to South-West African People's Organization guerrillas.

SPAIN

Mar. 5—In Bilbao, terrorists assassinate police chief José

Luis Raimundo Noya; Prime Minister Leopoldo Calvo Sotelo and Interior Minister Juan José Rosón fly to Bilbao to meet with Carolos Garaicoetxea, president of the Basque regional government.

Mar. 18—Defense Minister Alberto Oliart tells Parliament that 130 civilians and 127 national policemen are under investigation for their role in the aborted February coup.

Mar. 21—In Pamplona, Lieutenant Colonel José Luis Prieto Garcia, retired head of the Navarre Provincial Police, is assassinated.

Mar. 23—The government decides to move army troops into the Basque area.

Mar. 24—Addressing a joint session of military commanders, King Juan Carlos warns that the Basque separatists are trying to divide the military "so that nerves crack and serenity is lost."

SURINAME

Mar. 16—A government spokesman reports an unsuccessful coup attempt by junior army officers; one soldier is killed in the attempt.

SYRIA

(See also *Intl. International Terrorism*)

Mar. 17—In Aachen, West Germany, gunmen kill the wife of a Muslim Brotherhood leader, Isaam el-Attar; the Brotherhood is opposed to the government of President Hafez al-Assad.

THAILAND

(See also *Intl. International Terrorism*)

Mar. 4—Deputy Prime Minister Boonchu Rojanasathien and 8 other government officials resign; they are all members of the Social Action party, the largest party in the ruling coalition.

Mar. 10—Prime Minister Prem Tinsulanonda forms a new Cabinet.

Mar. 31—It is reported by Radio Thailand that General Sant Chitpatima, deputy commander-in-chief of the armed forces, has overthrown the government of General Prem Tinsulanonda; the Thai dateline is April 1.

TURKEY

Mar. 4—In Paris, Turkish labor attaché Resat Morali and Religious Affairs official Tecelli Ari are assassinated by members of the Armenian Secret Army for the Liberation of Armenia.

Mar. 26—Former Minister of Public Works Seraffetin Elci, who served under Bulent Ecevit, is sentenced to more than 2 years in prison for making remarks that promote Kurdish nationalism.

UGANDA

Mar. 11—A U.N. disaster relief team arrives to distribute food and seeds in the West Nile region; about 250,000 Ugandans are reportedly facing starvation because of poor harvests.

U.S.S.R.

(See also *Poland; U.S., Foreign Policy*)

Mar. 3—In Moscow, the 26th Congress of the Communist party concludes its final session.

Mar. 4—It is reported that more than 80 percent of those on the Central Committee, the Communist party's policymaking branch, have been reelected by the party's 26th Congress.

Mar. 18—In Washington, D.C., a spokesman for the U.S. State Department says the Soviet Union has successfully tested a satellite-killing space weapon.

UNITED KINGDOM

Great Britain

Mar. 2—12 members of Parliament resign from the Labor party to form a new political party, the Social Democrats; David Owen, former Foreign Minister in the last Labor government, is the leader.

Mar. 10—Chancellor of the Exchequer Sir Geoffrey Howe presents his government's budget to Parliament; higher taxes on consumer items are to total more than \$6.6 billion; the Bank of England's minimum lending rate is cut from 14 percent to 12 percent.

Mar. 23—Prime Minister Margaret Thatcher orders a high-level investigation into charges that Sir Roger Hollis, director general of the counterintelligence service (MI 5) from 1956 to 1965, had been suspected of being a Soviet agent; Hollis died in 1973.

Mar. 26—Prime Minister Thatcher addresses the House of Commons on the Hollis case; she says that 2 thorough investigations conducted on Hollis failed to provide evidence that he had been a Soviet spy.

UNITED STATES

Administration

Mar. 2—Energy Secretary James B. Edwards agrees to accept 25 percent of the \$4 million distributed to 4 national charities by outgoing special counsel to the department Paul Bloom on the last day of President Jimmy Carter's administration. Each charity may keep \$750,000, to help the poor pay their fuel bills.

The Labor Department confirms that, effective March 2, a freeze on the hiring of new employees under the Comprehensive Employment and Training Act (CETA) is in effect.

Mar. 3—President Reagan announces the names of 17 people he is nominating to fill upper-level administration posts; John A. Svahn is to head the Social Security Administration and J. Lynn Helms is to head the Federal Aviation Administration.

Mar. 5—President Reagan selects Lawrence S. Eagleburger as Assistant Secretary of State for European Affairs.

Mar. 6—President Reagan announces that he has set "new permanent ceilings" on federal employment; he plans to reduce the number of federal employees by 37,000 by September 30, 1982, to save \$1.3 billion over a 2-year period.

Mar. 10—President Reagan sends Congress a \$695-billion budget for fiscal 1982. Revenues are estimated at \$650 billion, with a deficit of \$45 billion; military spending will rise from the present 15.6 percent to 17.5 percent of the budget in 1982.

Mar. 11—In a telephone conversation with newsmen, deputy director of the Central Intelligence Agency (CIA) Admiral Bobby R. Inman says that he actively opposes a "series of repugnant changes" relaxing the legal and administrative restraints on CIA activities; some conservatives have suggested the changes.

Mar. 13—The White House reports that President Reagan is nominating lawyer Mark S. Fowler as a member of the Federal Communications Commission and that Fowler will be named chairman when Charles D. Ferris resigns on April 10.

Mar. 17—Counselor to President Reagan Edwin Meese 3d says that the President is "absolutely opposed" to changes in regulations governing the CIA that would allow the agency to undertake domestic spying.

Mar. 18—Chief of staff for Nancy Reagan, Peter McCoy, reports that private contributors have donated some

\$375,000 to a fund to be used to redecorate the President's quarters in the White House.

Mar. 19—White House press secretary James S. Brady reports that the Coalition for a New Beginning, a fund-raising and lobbying group made up of President Reagan's friends, has dissolved voluntarily.

Mar. 22—The United States Postal Service raises the cost of a first class letter to 18 cents an ounce, effective today.

Mar. 23—The Department of Health and Human Services estimates that as many as one-third of all families on welfare—some 400,836 families—will be ineligible for assistance under the budget now before Congress.

Mar. 24—White House press secretary James Brady announces that President Reagan has selected Vice President George Bush to head a crisis management team in order to respond "to emergency situations, both foreign and domestic."

At a hearing before the House Foreign Affairs subcommittee, Secretary of State Alexander M. Haig, Jr., reports his "lack of enthusiasm" for the appointment of Vice President Bush to head a "crisis management" team.

Mar. 25—President Reagan says that Secretary Haig is his "primary adviser on foreign affairs"; a presidential adviser reports that Haig has already threatened to resign 8 or 9 times.

Vice President George Bush announces the suspension or indefinite postponement of some 36 of the 172 regulations promulgated in the last weeks of the administration of President Jimmy Carter.

Mar. 30—President Ronald Reagan is wounded in the chest by an assassin's bullet in Washington, D.C., as he leaves the Washington Hilton Hotel after addressing an AFL-CIO (American Federation of Labor—Congress of Industrial Organizations) meeting. The President is rushed to George Washington University Hospital where the bullet is removed from his left lung. In the same attack, White House press secretary James S. Brady is critically wounded in the head; Secret Service Agent Timothy McCarthy and Washington police officer Thomas Delahanty are also seriously wounded.

The alleged assassin, John W. Hinkley, Jr., is taken into custody after firing 6 shots at the President.

Vice President George Bush returns from Texas to take charge of the government if necessary.

After surgery, President Reagan is reported in excellent condition and spirits; the other wounded men are reported to be in serious condition.

Mar. 31—President Reagan continues to improve; James Brady survives brain surgery; Secret Service Agent Timothy McCarthy and Washington police officer Thomas Delahanty are improving.

Vice President George Bush meets with Netherlands Prime Minister Andreas A.M. van Agt at the White House.

The Federal Bureau of Investigation (FBI) reports that in 1980 there was a rise in violent crime nationwide of 13 percent, with an overall rise in the crime index of 10 percent.

Civil Rights

Mar. 15—In an interview on "Meet the Press," Secretary of Education T.H. Bell says that his department will not be active in lawsuits aimed at forced busing to achieve school desegregation.

Economy

Mar. 2—Gold closes on the London market at its lowest point in 14 months, \$465.75 a troy ounce.

Mar. 6—The Labor Department reports that its producer price index rose 0.8 percent in February.

The Labor Department reports that the national unemployment rate fell slightly to 7.3 percent in February.

Mar. 24—3 major banks follow Chemical Bank's move of last week and lower their prime rate to 17 percent.

The Labor Department reports that its consumer price index rose 1 percent in February.

Mar. 27—The Commerce Department reports that its index of leading economic indicators fell 0.3 percent in February.

The Commerce Department reports a \$3.15-billion deficit in the U.S. balance of trade for February.

Foreign Policy

(See also *Intl. U.N.; Argentina; Egypt; El Salvador; Israel; Japan; Mozambique*)

Mar. 6—The State Department announces that the U.S. will sell Saudi Arabia equipment to improve the range and fighting qualities of its 62 F-15 fighters.

President Reagan asks the Senate to sign a U.S.-Canada treaty establishing the East Coast offshore boundary between the U.S. and Canada; he asks the Senate to postpone consideration of the 2d part of the agreement, covering fishing limits.

Mar. 8—The State Department replaces the top career diplomats who have been representing the U.S. at the U.N. Law of the Sea Conference, including George Aldrich, acting chief of the delegation.

Mar. 9—In Washington, D.C., West German Foreign Minister Hans-Dietrich Genscher meets with President Reagan and Secretary of State Alexander M. Haig, Jr., to discuss arms and détente.

Mar. 10—The State Department announces a \$982-million program to grant low-interest loans to 16 strategically situated countries to enable them to buy military supplies and training from the U.S.

President Reagan arrives in Ottawa, Canada, to talk with Canadian Prime Minister Pierre Elliott Trudeau.

Mar. 11—In Washington, D.C., former ambassador to El Salvador Robert E. White announces that he has been dismissed from the U.S. Foreign Service because he made critical comments on U.S. policy.

Mar. 14—The State Department reports that 5 senior members of the South African military visited Washington, D.C., this week without listing their military status on their visas; they are told to leave immediately.

Mar. 18—In testimony before the Senate Foreign Relations Committee, Under Secretary of State for Political Affairs Walter Stoessel, Jr., says that the U.S. has not ruled out the use of military force against Cuba as a means of shutting off the arms pipeline to El Salvador.

In an appearance before the House Foreign Affairs Committee, Secretary of State Haig says that the Soviet Union has a "hit list" for gaining control of Central America.

Mar. 21—Speaking at a Conservative Political Action Conference, national security adviser Richard V. Allen says that he is distressed at the "outright pacifist sentiments" being expressed in West Europe.

Mar. 23—Former President Gerald Ford meets with Chinese Communist party Deputy Chairman Deng Xiaoping in Beijing and assures him that the Reagan administration continues to seek improved relations with China.

White House press secretary James Brady says that although U.S. chief U.N. delegate Jeane Kirkpatrick met with South African military men on March 15, she was not aware that South African Brigadier General P.W.

van der Westhuizen is head of South African military intelligence.

Mar. 25—Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs Morris Draper tells 2 House committees that Morocco will be able to negotiate arms sales on the same basis as "other friends."

Mar. 26—The White House issues a statement of "growing concern" over the possible use of force by the Soviet Union or the Polish government against the Polish labor movement.

Mar. 27—In Washington, D.C., Nigerian External Affairs Minister Ishaya Audu meets with Secretary of State Haig to express the concern of African nations over the possibility of improved relations between the U.S. and South Africa.

The White House reports that the U.S. is nearing "a new and enduring relationship" with Pakistan, which could result in the resumption of U.S. military training for Pakistanis.

Mar. 29—Secretary of State Haig says that the Warsaw Pact nations have expanded their maneuvers and their forces along the Polish border and have created "a very, very tense" situation.

Labor and Industry

Mar. 23—The United Mine Workers of America and the Appalachia and Middle West coal operators agree on a tentative new contract.

Mar. 26—Some 160,000 coal miners strike because they have not yet voted to approve a new contract.

Mar. 31—Officers of the United Mine Workers union concede that its members have rejected the tentative contract between the union and the Bituminous Coal Operators, voting 2 to 1; the strike continues.

Legislation

(See also *Administration*)

Mar. 12—In a voice vote in the House and a roll-call vote in the Senate, Congress rejects a proposed 16.8 percent pay increase for members of Congress, the federal judiciary, Cabinet members and 37,000 other senior government employees.

Mar. 25—By an 88-5 vote, the Senate adopts an administration-supported amendment to the current omnibus farm law to prevent an automatic April 1 increase in milk price supports. (The farm act provides that adjustments in dairy supports be made twice a year.)

Mar. 27—Completing congressional action, the Senate agrees to the House version of the bill to block dairy price support increases scheduled for April 1.

Mar. 31—In the hospital, President Reagan signs the bill that eliminates an otherwise automatic rise in milk price supports; the rise would have cost the government some \$147 million in 1981.

Supreme Court

Mar. 23—In a 6-3 decision, the Supreme Court upholds a lower court ruling that a Utah law requiring a doctor to notify parents "if possible," before performing an abortion on a teen-age girl, is constitutional.

In a 5-4 decision, the Court upholds a lower court ruling that a California statutory rape law which penalizes only a male offender is constitutional.

ZIMBABWE

Mar. 24—In Salisbury, 31 nations and 26 international lending agencies pledge to lend a total of \$1.3 billion to support rural development programs in Zimbabwe. ■

SOVIET POLICY IN WEST EUROPE

(Continued from page 234)

Union may increase trade with countries whose policies are favorably regarded or whom the Soviet Union wants to influence, like France. Soviet technology for other than military purposes tends to be discounted although there have been achievements in particular industries and the Soviet Union sells several thousand licenses each year to firms in the West.

Unless there is an economic disaster in the EEC, it is doubtful that West Europe's economic relationship with the Soviet Union implies any general danger of dependence unless Soviet market power can be combined with other means of pressure. Unlike oil, natural gas may be a growth area for East-West trade, but this will not create a "burdensome" dependence, though it may be concentrated in certain areas rather than spread out in the economy. Energy, however, provides the possibility of an uncomfortable degree of West European dependence on the Soviet Union.

Soviet economic policy toward Europe is thus hardly capable under present conditions of promoting major dependence, an "economic Finlandization" that would promote greater neutralism and fissures between the United States and other NATO countries. But it may have a marginal role in providing greater "economic independence" from the United States, particularly if states like France see a relationship with the Soviet Union as a subtle way of showing disagreement with United States policies.

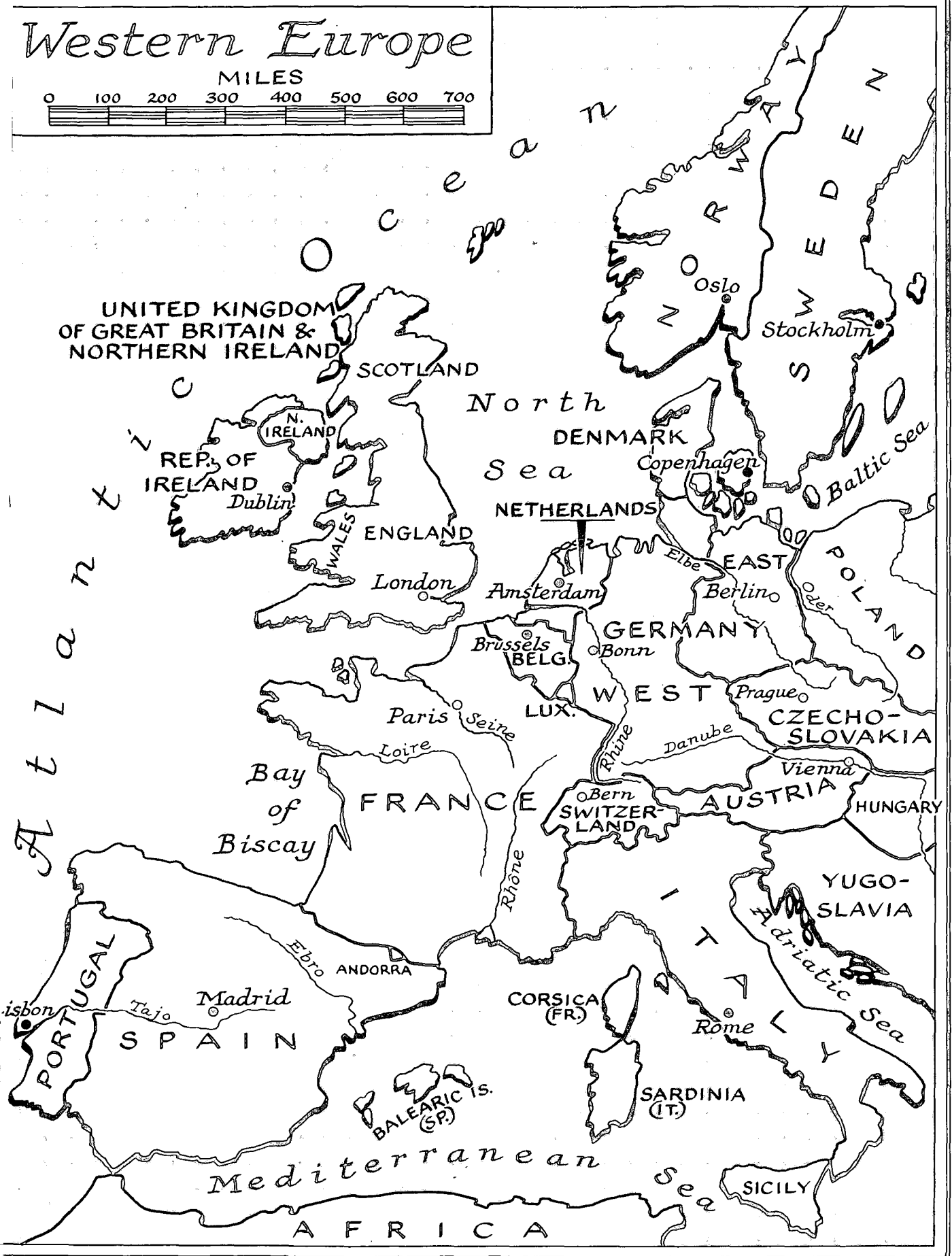
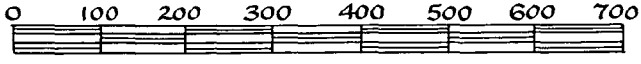
There are differences in the American and West European approach to détente. Because Europe experienced World War II and its consequences on its own territory, Europeans are more prepared to undertake the idea of negotiations on European security. They know that if a new world war breaks out, the "worst shocks" will fall on their territory, for no other area has so large a collection of armed forces and arms, including nuclear, as Europe does. West Europeans also value the positive consequences of détente more highly, especially in the economic area.

The "military-industrial complex" is more influential in the United States than in Europe. While the "military-industrial complex" is a "single organism" in the United States, in West Europe it is divided by national boundaries, splintered and less influential.

The leftist forces of Europe, especially Communist and worker parties, have more influence on policy formation on détente in West Europe than in the United States. The United States might urge West Europeans to take a harder line, but West European politicians cannot, without serious opposition, allow themselves to be led from a course which has already brought them certain dividends. United States attempts to do so might lead to the further mutual alienation of the NATO partners. ■

Western Europe

MILES



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